



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

China

FBIS-CHI-92-239
Friday
11 December 1992

Daily Report

China

FBIS-CHI-92-239

CONTENTS

11 December 1992

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Beijing 'Edging Closer' to GATT Status [XINHUA]	1
Somali Relief Operations Reported, Viewed	1
Bloodshed Noted; Warlords To Meet [XINHUA]	1
Warlords' Meeting Previewed [XINHUA]	1
'Intervention' Said 'To No Avail' [Hong Kong TA KUNG PAO 11 Dec]	2
Article Analyzes UN Resolution [FAZHI RIBAO 5 Dec]	3
PRC, U.S., Russia Cooperate in Ocean Mining [CHINA DAILY 11 Dec]	4
Upcoming EC Edinburgh Summit 'Gloom' Analyzed [XINHUA]	4

United States & Canada

Former U.S. Secretary of State Continues Visit	6
Kissinger Meets Li Peng [XINHUA]	6
Meets Zhu Rongji [XINHUA]	6
Song Jian, Quayle Discuss Science Cooperation [XINHUA]	6
NPC Vice Chairman Meets U.S. Visitors [XINHUA]	7
Sees Canadian Parliamentarians [XINHUA]	7
Jiang Zemin Receives Canadian Businessmen [XINHUA]	7
XINHUA Official: Clinton Remarks 'Inappropriate' [Hong Kong WEN WEI PO 11 Dec]	8
Further Response to Comments [Hong Kong WEN WEI PO 10 Dec]	8
Clinton Names First Economic Team Members [XINHUA]	8
Scholar Urges End of U.S. High-Tech Ban [Hong Kong SOUTH CHINA MORNING POST 11 Dec]	9

Central Eurasia

Oil Logging Corporation Sets Up Russian Venture [XINHUA]	9
Yeltsin, Russian Congress Issue Appeal for Calm [XINHUA]	10
Grachev Pledges No Military Action in Struggle [XINHUA]	10

Southeast Asia & Pacific

Sino-Indonesian Joint Commission Session Ends [XINHUA]	11
Australian Consulate Opens in Guangzhou [CHINA DAILY 10 Dec]	11
Zhu Rongji Meets Australian Visitors [XINHUA]	11
UNTAC To Investigate 'Foreign Forces' Issue [XINHUA]	11

Near East & South Asia

Nepalese King Inaugurates PRC-Aided Plant [XINHUA]	12
Commentary Views Hindu-Muslim Strife in India [Beijing International]	12
Yemen Receives Envoy, Jiang Zemin Greetings [XINHUA]	12

Sub-Saharan Africa

Spokesman Comments on South African Violence [XINHUA]	13
Li Peng Meets Mozambican Foreign Minister [XINHUA]	13

West Europe

Spokesman Welcomes German Move To End Sanctions [XINHUA]	13
German Assembly Votes for Normalizing PRC Ties [XINHUA]	13
Li Ruihuan Receives Spanish Delegation [XINHUA]	14

NATIONAL AFFAIRS

Political & Social

Magazine Shut Down for Publishing Pro-Democracy Article [AFP]	15
Further on Closure [AFP]	15
Authorities Reportedly Deny Passport to Academic [Hong Kong SOUTH CHINA MORNING POST 11 Dec]	16
Jiang Criticizes Rigidity, 'Bandwagon' Effect [Hong Kong CHING CHI TAO PAO 30 Nov]	16
More on Li Peng, Liu Huaqing Tour of Guangxi [XINHUA]	16
Li Peng, Zou Jiahua Inscribe for Guangxi Festival [XINHUA]	18
Hu Jintao Meets Delegates to Meeting on Elderly [XINHUA]	18
Ding Guangen at Democratic Party Congress Opening [XINHUA]	18
Zhu Rongji Congratulates New Shanghai Factory [Shanghai Radio]	19
Tian Jiyun Attends Joint Venture Signing Ceremony [Shenyang Radio]	19
Song Ping Speaks at Family Planning Forum [XINHUA]	19
CPC Enforces Work in Foreign-Funded Enterprise [XINHUA]	20

Science & Technology

Article Views Launching of Australian Satellite	20
Part One [BEIJING REVIEW 19-25 Oct]	20
Part Two [BEIJING REVIEW 2-8 Nov]	22
Mobile Satellite Communications Network Set Up [XINHUA]	25
Scientists Develop Satellite Navigator [XINHUA]	25
Nuclear Reactor Research Results Pass Appraisal [ZHONGGUO XINWEN SHE]	25
Government Sets 230 Environmental Standards [CHINA DAILY 9 Dec]	26
'Waste-to-Energy' Power Plant Plans Announced [CHINA DAILY 4 Dec]	26

Military

Li Xilin Appointed Guangzhou Military Commander [XINHUA]	27
Chen Xitong Thanks Army for Beijing River Aid [XINHUA]	27
Navy Sells Scientific Data to Civilian Sector [XINHUA]	27
Hunan Commander Urges Militia To Aid Economy [Changsha Radio]	28

Economic & Agricultural

Article Discusses Reliability of Planning, Market [RENMIN RIBAO 23 Nov]	28
Article Discusses High Tech Development Zones [RENMIN RIBAO 25 Nov]	29
Policy To Accelerate Tertiary Industry Noted [XINHUA]	37
Rules for Enterprise Accounting Reported [XINHUA]	38
Article Analyzes 'Tight' Purchasing Funds [RENMIN RIBAO 19 Nov]	43
Grain Subsidies Cut by Nearly \$2.5 Billion [CHINA DAILY 11 Dec]	45
State Orders To Be Placed for Important Materials [Hong Kong CHING CHI TAO PAO 30 Nov]	46
State Council Gives Tax Break for Wall Materials [XINHUA]	46
Banking Reform To Eliminate Central Planning [CHINA DAILY 10 Dec]	46
Circular on Border Trade Management Issued [ZHONGGUO XINWEN SHE]	48
Improved Hong Kong Investment Solicitation Urged [ZHONGGUO TONGXUN SHE]	48
Commentary Discusses Need for Qualified Personnel [XINHUA]	49
Trade Union Federation Executive Committee Meets	50
Ni Zhifu Stresses Congress Guidelines [XINHUA]	50
ACFTU Congress Slated for 1993 [XINHUA]	50

REGIONAL AFFAIRS

East Region

Jiangxi Promotes Surplus Labor Force Exports [Nanchang Radio]	51
Shanghai Congress Makes Appointments, Dismissals [JIEFANG RIBAO 28 Nov]	51
Shanghai Firm To Become Shareholding Entity [XINHUA]	51
Zhejiang People's Congress Committee Adjourns [Hangzhou Radio]	51

Southwest Region

Xiao Yang Appointed Vice Governor of Sichuan [XINHUA]	52
Tibet Residents Using Solar Energy [XINHUA]	52

North Region

Activities of Beijing's Chen Xitong Reported	52
Inspects Water Facilities [BEIJING RIBAO 29 Nov]	52
Greets Returning Investment Group [BEIJING RIBAO 4 Dec]	54
Beijing Recruits More 'Quality' Party Members [BEIJING RIBAO 4 Dec]	54

PRC MEDIA ON TAIWAN AFFAIRS

Taiwan's Arms Purchase From France 'Unwise' [RENMIN RIBAO OVERSEAS EDITION 10 Dec]	56
--	----

TAIWAN

Guidelines To Aid Free Trade Ties With U.S. [CNA]	57
1992 Surplus Expected To Decline 27 Percent [CNA]	57
Beijing Responds to Call for Improving Exchanges [CNA]	57
Official: Mainland Newsmen May Cover Elections [CNA]	58

HONG KONG & MACAO

Hong Kong

Sino-UK Joint Liaison Group Ends Meeting	59
Teams Fail To Agree; No Communique [XINHUA]	59
PRC Team Leader Views Meeting [Hong Kong TA KUNG PAO 11 Dec]	59
Editorial Blames UK for Outcome [Hong Kong WEN WEI PO 11 Dec]	60

General

Beijing 'Edging Closer' to GATT Status

OW1012164592 Beijing XINHUA in English 1613
GMT 10 Dec 92

[Text] Geneva, December 10 (XINHUA)—China is edging closer to the General Agreement on Tariffs and Trade (GATT) at the end of a session of a working party on China's signatory status restoration.

The two-day 12th session of the working group, which closed here today, decided to hold its next session in March, 1993, for further discussion of a draft protocol on resuming China's status in GATT.

At the meeting, Chinese Deputy Minister Tong Zhiguang for foreign trade and economic relations, gave a detailed introduction to China's socialist market economy.

He also answered questions raised by representatives of some GATT nations on China's market economy.

"They are very satisfied, saying that the Chinese delegation has given a very informative document on the country's economic reform and opening policies," the trade sources told XINHUA.

The participants believe that the information provided by the Chinese delegation was very helpful to accelerate the group's work.

They exchanged views "concretely" and "deeply" over what should be written into the draft protocol, the sources said.

Somali Relief Operations Reported, Viewed

Bloodshed Noted; Warlords To Meet

OW1112021592 Beijing XINHUA in English 0110
GMT 11 Dec 92

[XINHUA "Roundup"]

[Text] Nairobi, December 11 (XINHUA)—Two were killed and seven injured Thursday night when French troops opened fire on a truckload of Somalis at a road block in the Somali capital Mogadishu. It was the first bloodshed since U.S. and French soldiers took control of the city Wednesday.

The incident took place when a truck barreled through a French checkpoint and crashed in a hail of bullets, reports from Mogadishu said.

The shooting came two days after U.S. and French troops arrived in the capital city to stabilize war-torn Somalia and speed up relief aid to millions of starving Somalis.

Under intense UN pressure, leaders of two main warring factions in Mogadishu, Mohamed Farah Aidid and Ali Mahdi Mohamed, will meet in the U.S. embassy in

Mogadishu Friday and again Saturday aboard a French naval ship off the coast for their first direct talks in more than one year of civil war which has killed thousands.

War, famine, and disease have killed over 300,000 people and 2 million are facing starvation in the country.

Over 1,700 U.S. Marines and a vanguard of French soldiers arrived in Mogadishu Wednesday, spearheading a 35,000-strong multi-national force to be deployed in Somalia to protect the distribution of international relief aid.

The UN sanctioned operation involves troops from a dozen nations, including Canada, Egypt, Kuwait, Russia and Turkey.

Relief operation resumed Wednesday only hours after the U.S. Marines landed in Mogadishu. A stream of C-5 and C-141 cargo planes landed Thursday at Mogadishu Airport, bringing equipment to supply the terminal with electricity, communications, and water, said a spokesman of the U.S. Marines.

On Saturday, marines are scheduled to escort the first land convoy in a month to Baidoa (200 kms to the northwest), where 50 to 60 deaths are reported each day. Regular airlifts have done little for the hundreds of thousands of people around the town because of clan fighting and looting by bandits.

Clan warfare has plunged Somalia into anarchy soon after the government of president Mohammed Siad Barre was overthrown in January 1991, worsening a drought-induced famine and hampering the international relief operation.

Warlords' Meeting Previewed

OW1112104892 Beijing XINHUA in English 1017
GMT 11 Dec 92

[Text] Nairobi, December 11 (XINHUA)—Leaders of Somalia's two main warring factions are expected to meet in the capital Mogadishu today, as the U.S.-led, U.N.-mandated multi-national force seeking to protect relief supplies to millions of starving Somalis continue to pour into the war-shattered Horn of Africa country.

This will be the first time that rival warlords Mohamed Farah Aidid and Ali Mahdi Mohamed, the self-styled interim president, meet for peace talks in more than one year, according to reports reaching here.

The meeting will take place in the U.S. Embassy in Mogadishu, at the invitation of the U.S. Government.

Clan-based fighting between the forces of Aidid and Ali Mahdi flared up in Mogadishu in November last year and later spread throughout the country, after a U.N.-brokered March 1992 truce aborted.

About 150,000 people have been killed and some one million others displaced in the factional fighting, which has seriously hampered international relief operations to the war-ravaged, famine-stricken millions.

As the two warlords are due to meet in Mogadishu today, more and more troops from the United States, France and a dozen other countries pledging to join the 35,000-strong U.N. force are arriving in Somalia, reports from Mogadishu said.

The reports said that the U.S. Marines, who stormed into Mogadishu early Wednesday [9 December] and have so far secured major installations in the city, will start escorting food relief today to the central Somali town of Baidoa where local gunmen are on an orgy of looting and shooting.

On Thursday, the first U.N. relief cargo plane carrying 17 tonnes of high-protein children's food flew into Mogadishu airport and the food was immediately distributed around the capital's feeding centers.

Also on Thursday, U.S. Assistant Secretary of State for African Affairs Herman Cohen said that the U.N.'s save Somalia operation, officially dubbed as the Operation Restore Hope, will probably last six to 12 months while a political solution is being worked out.

He said that the operation is limited in time and will end after securing an environment which is expected to enable the delivery of humanitarian aid to the starving Somalis without interference from looters and armed gangs.

Cohen was speaking at the Jomo Kenyatta International Airport in Nairobi when he arrived for a one-day visit to Kenya.

Meanwhile, a U.N. official was shot in Mogadishu on Thursday, said a spokeswoman for the U.N. World Food Program in Nairobi. She, however, could not give further details of the incident, which took place on the main airport road in Mogadishu.

'Intervention' Said 'To No Avail'

*HK1112054692 Hong Kong TA KUNG PAO in Chinese
11 Dec 92 p 6*

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Sending Troops to Somalia Causes New Problems"]

[Text] "Humanitarian Intervention" in Somalia

With the support of the United Nations and with the purpose of delivering aid to 2 million starving people in Somalia, U.S. landing forces and multinational troops have now arrived in Somalia. They swiftly occupied the capital, Mogadishu, and the port and airport. U.S. and multinational troops met no resistance, but they have discovered that Somalia is in a terrible situation at present and that many problems cannot be solved.

The current "Operation Restore Hope" is the first military intervention in a country's affairs by the United Nations in the name of "humanitarian intervention." The Somali Government did not invite U.S. troops to intervene in its affairs. It is an American-led landing,

mopping up, and occupation operation against a sovereign state under the banner of the United Nations and in the name of humanitarianism. In Europe, some people caution that sending troops under such a "name" may, in fact, create a special precedent and provide the United States with a pretext for sending troops to intervene in the affairs of other countries in the future.

Deep in their hearts, France and other European countries are disgusted with the dispatch of troops to Somalia by the United States under the banner of the United Nations. [sentence as published] As France and Britain had colonies in Africa in the past, there are still remnant pro-French and pro-British forces and influence in Somalia and other African countries. They resent U.S. intervention. Apparently, however, they cannot but express their support for it.

French Foreign Minister Does Not Feel Relieved

French Foreign Minister Dumas has said that France supports the first-stage of the U.S. military's operation in Somalia, but that it should be carried out under strict UN control. At this stage, the main task is to crack down on grain robberies by armed elements and suppress various guerrilla organizations so that social order can be restored. In the second stage, the United Nations will give play to its political role and will force various armed factions in Somalia to lay down their arms and have a cease-fire so that democratic politics can be reestablished.

At present, it seems that the "humanitarian dispatch of troops" is following a pattern of intervention in the internal affairs of a country. Based on the lessons drawn from the Gulf war, the European countries are apprehensive that, in reality, in U.S.-led interventions under the name of the United Nations, the United States will seek the greatest possible interests for itself.

Although the grain-robbing actions of various armed factions in Somalia have been stopped since the 30,000 U.S. and multinational troops occupied several troubled spots, in order to rebuild government organizations and restore production there, the troops will have to stay in the country for some more years. If, according to President Bush's plan, U.S. troops withdraw next month before Clinton assumes office, the current operation will have been a vain attempt. Soon after a U.S. military withdrawal, various armed factions in Somalia will resume fighting and will loot the relief food again, and large numbers of people will continue to starve and die there.

Clinton Will Encounter Thorny Problems After Assuming Office [subhead]

Clinton will assume office next month. The first trouble he will encounter is how to deal with problems left over by Bush in dispatching troops to Somalia. What should he do if Bush has ordered a military withdrawal and Somalia is in disorder again? But if U.S. forces continue to stay there, a political solution to the Somali issue will become a long-term task. Clinton said that his first

objective was to improve the domestic U.S. economy if elected president of the United States. However, now he has to give first consideration to thorny diplomatic affairs.

Not feeling relieved that the United States has entered Africa, European countries have also sent a 1,700-strong joint military force to Somalia. The Europe Community declared: "The current operation is a UN-led, rather than an American-led military operation," hoping to win support from African and Third World countries. Nevertheless, the humanitarian military intervention will be to no avail. As various factions in Somalia are engaged in fighting, the mere distribution of relief by U.S. forces will not help. Apart from showing the world that the United States still dominates, this policy decision by Bush made before leaving office to dispatch troops to Somalia for a short period of time will not help solve the difficult problems in Somalia.

Article Analyzes UN Resolution

HK1112100992 Beijing FAZHI RIBAO in Chinese 5
Dec 92 p 4

["News analysis" by Zhu Mengkui (2612 1125 7608):
"Story Behind UN Resolution on Armed Intervention in
Somalia's Civil War"]

[Text] An announcement was made recently by UN Secretary General Boutros-Ghali that the United Nations has decided to send a UN peace-keeping force to intervene in the Somali situation to ensure the safe delivery of international relief goods, end the disaster and civil war there, and restore the peace and welfare craved by the people. Soon after, Washington indicated its support for the UN intervention plan and proposed to organize a 40,000-strong force of multinational troops, led principally by U.S. forces, to head toward Somalia. This major development has brought a glimmer of hope to a Somalia suffering in the throes of a civil war, famine, and starvation.

The African continent has been plagued by a succession of disasters in recent years with the conditions in Somalia, which is situated in the Horn of Africa, being the worst. Because of continuous years of drought and food shortages, 5 million of the country's 7 million people are starving, with 500,000 on the brink of death. Statistics show that as many as 3,000 people die of starvation every day in war-torn, disaster-ravaged Somalia. The government of Somalia has appealed for emergency assistance from the international community and has asked for more relief goods from the wealthy Arab countries, the Western countries, as well as from international organizations like the UN, the Organization of African Unity [OAU], and the Islamic Conference Organization [ICO]. On the other hand, factional fighting and tribal wars have also aggravated the consequences of the natural disasters in Somalia. Since the outbreak of civil war last November, 6,000 people have lost their lives in the capital city of Mogadishu alone,

while 150,000 have been wounded, 80 percent of whom were women, elderly, and children. After former Somali President Siad Barre was overthrown in January 1991, the relentless tribal wars and factional fighting within Somalia plunged the entire country into a serious state of anarchy. The two major anti-Barre forces are: Acting President Mahdi Mohamed and the United National Congress chairman Farah Aidid, the two forming the major protagonists in the civil war in Somalia. Since November last year, the two factions have been engaged in a fierce battle to seize the capital city of Mogadishu. The other five factions in Somalia—Patriotic Movement, Popular Alliance, Democratic Salvation Front, National Democratic Alliance, and the National Front—control other regions outside the capital, cutting up the country into several heavily-armed territories under different warlords.

To alleviate the internal fighting in Somalia and resolve the worsening disasters, the Arab League, OAU, ICO, United Nations, and other international organizations have engaged in repeated mediation efforts to promote reconciliation among the different factions in Somalia and strive for joint efforts to rescue the people from disaster. In mid-February this year, a cease-fire agreement was reached between the two major warring factions in Somalia but the ink was barely dry on the paper when fighting erupted anew. This was then followed by sporadic fighting and cease-fires and negotiations within Somalia which attracted the grave concern of the international community. In mid-March this year, the Security Council met to examine the situation in Somalia and decided to send a technical team to that country to monitor the cease-fire there and also ensure implementation of a plan to deliver humanitarian aid. In late April, the Security Council adopted a resolution authorizing the dispatch of 50 military observers, 500 security personnel, and 79 civilians to Somalia where they would attempt to achieve the following objectives: An effective cease-fire, emergency relief assistance, ethnic reconciliation, and political settlement.

During this time, the United Nations invited the different warring factions in Somalia to peace talks at UN Headquarters in New York but failed to receive a positive and serious response from the different factions. At the same time, acting on the excuse that the UN plan constituted an intervention into the domestic affairs of Somalia, certain factions refused to let armed UN personnel escorting food shipments into the areas under their control. The long years of fighting have plunged Somalia into a state of lawlessness whereby bandits rule the land. Relief goods from the international community are constantly being looted by bandits while the starving people can only suffer endlessly. Even though the different factions in Somalia agreed to convene a national reconciliation meeting in August and the United Nations sent an additional 3,500-strong security force to protect relief goods in Somalia, they all failed miserably because the domestic situation showed no signs of improvement. To reverse the situation fundamentally, the United

Nations decided to resort to forced intervention and also forced the different factions in Somalia to agree to the establishment of a national coalition government in late September this year. However, in the course of distributing the international relief goods, U.S. cargo planes were subjected to sporadic firing while UN personnel were often abducted and murdered.

On 25 November, acting U.S. Secretary of State Lawrence Eagleburger told UN Secretary General Boutros-Ghali at the UN Headquarters in New York that the United States was willing to send 30,000 men to Somalia in order to help the United Nations carry out peace-keeping relief activities. According to reports, White House spokesman Marlin Fitzwater also stated that the United States only wanted to ensure the safe delivery of aid to Somalia and has no interest in the future governing structure of that country. At the same time, the two major warring factions in Somalia welcomed the UN intervention. The media in some countries maintained that the future situation in Somalia will improve gradually because of the UN armed intervention. This will provide the necessary experience for the adoption of UN intervention measures in Bosnia-Herzegovina and the entire Balkan region.

PRC, U.S., Russia Cooperate in Ocean Mining

HK1112024092 Beijing CHINA DAILY in English 11 Dec 92 p 2

[Report by staff correspondent Chang Weimin: "Nation Needs Sea Mines"]

[Text] China is to beef up cooperation with the United States and Russia to accelerate preparations for exploiting metal resources in the Pacific Ocean.

Senior officials from the China Ocean Mineral Resources Research and Development Association (COMRA) said they are also planning campaigns to attract investors from Hong Kong, Macao and Taiwan to explore and develop those resources in a special United Nations-allocated mining area about 1,000 kilometres southeast of Hawaii.

Resources such as copper, manganese, nickel and cobalt in sea bed are believed to be significant to China's economic development in the next century.

In China, where 90 percent of energy and 70 percent of industrial raw materials come from minerals, a grim situation would arise if recoverable resources could not be exploited fully, an official from COMRA said.

The nation has spent tens of millions of U.S. dollars in initial prospecting of the 150,000-square-kilometre area after the United Nations approved it as a sea-bed mining pioneer investor.

COMRA has sent professionals to join in research by the United States and Russia on the effects of sea-bed

mining on the oceanic environment and ecosystem. Those cooperative ties are to be strengthened, COMRA officials said.

COMRA has received materials on the mining areas from the United States and Russia, and studies of those materials are underway.

The three nations have conducted mining simulations several times in the past two years. Data have been collected but more questions are to be resolved.

COMRA also will join with other countries to perfect sea-bed mining techniques, the officials said.

To pave the way, COMRA has sent delegations to France, Russia, and Eastern European nations, including Poland.

Information brought back by the delegations will help COMRA decide on cooperative partners, they said.

"We want direct approaches to sea-bed mining. We think those can be got through cooperation with the outside world," the official said.

In the meantime, COMRA will organize Chinese institutes to seek ways to mine the sea bed at the lowest possible cost, so that commercial exploitation can be accomplished before long.

COMRA expects to begin mining trials in the year 2005 and commercial exploitation by 2010.

COMRA will respond to any cooperation seekers from overseas for the undertaking, they said.

"We particularly welcome cooperation from Hong Kong, Macao, and Taiwan, so that resources from the sea bed can benefit the whole Chinese nation," one of the officials said.

Campaigns such as organizing exhibitions on a ship to be anchored in waters near the three Chinese regions are being considered, he said.

COMRA officials said they plan to introduce key technology and equipment to move ahead on the preparations for exploration and development of the resources.

By the end of 1995, China will have worked out the machinery for mining thousands of metres beneath the sea.

Upcoming EC Edinburgh Summit 'Gloom' Analyzed

OW1012074192 Beijing XINHUA in English 0635 GMT 10 Dec 92

["News analysis" by Wang Shengliang: "Gloom Over EC Edinburgh Summit"]

[Text] Edinburgh, Scotland, December 10 (XINHUA)—Leaders of European Community (EC) will gather here

for a two-day summit starting on Friday under the British presidency amid a pre-summit gloom.

The summit, with a heavily packed agenda, looks set to be the most controversial meeting in EC history.

Britain played down hopes for progress of the summit, striking a pessimistic tone. Prime Minister John Major, after touring nine EC capitals in two weeks, said he could not remember "a European summit with so many points to be decided."

EC leaders are expected to discuss the Danish rejection of the Maastricht Treaty, subsidiary, enlargement, EC future financing and economic growth strategy, leaving other more controversial issues such as the EC-U.S. farm agreement and the British rebate alone in order to avoid spoiling the whole meeting.

Analysts said all these issues to be discussed are of great importance for EC's future and the meeting will be a test to the EC's credibility.

Major will meet French President Francois Mitterrand here this evening, and possibly have breakfast with German Chancellor Helmut Kohl tomorrow before the start of the summit.

Plunging into a period of turmoil, the six-month British presidency has been criticized for its indecision for the 12-member group.

Britain too has been accused of dragging its heels with its delay to ratify the Maastricht Treaty until a fresh Danish referendum next year.

Britain wants to improve its image and hopes for a success of the summit, thus making a happy ending of its presidency.

Earlier this month, Britain made proposals to convince sceptical Danish voters to reverse their rejection of Maastricht so that the treaty on European political, economic and monetary union can come into effect next year.

A key element of the British proposals would be decision by all 12 EC governments at the summit to clarify aspects of the treaty the Danes found unacceptable.

Despite two days of EC foreign ministers meeting in Brussels on Monday and Tuesday, the British presidency failed to fill the gap between Denmark's demands for legally-binding agreement and the no-renegotiation position by the rest of EC states.

Opposition political parties in Copenhagen said the British proposals do not go far enough in allowing the Danes to opt out of key provisions of the Maastricht Treaty, including a common currency, joint defence policy, EC citizenship and legal cooperation.

Some EC members argued that the British proposals go too far and could require reshaping the treaty.

The Maastricht Treaty, which was reached by 12 EC leaders last December in the Dutch town, cannot come into force until all member states have ratified it. All except Denmark and Britain will have completed their ratification, as targeted, by the end of this year.

Denmark said if the Danish people are not satisfied by EC decision they will not say "yes" to the treaty even in a new referendum. Without Denmark, there will be no treaty.

British Foreign Secretary Douglas Hurd warned that European union is "balanced on a razor's edge."

Britain now delivered a new compromise text to its EC partners.

It was said EC leaders will discuss an international agreement to solve the Danish problems. The agreement will be legally-binding but stay outside the Maastricht Treaty.

EC finance ministers are invited to attend the summit. Along with EC leaders, they will try to unveil an economic growth plan as recession hit hard most of the EC countries.

Earlier, there was reporting that EC leaders might adopt a spending package of 7.5 to 9.5 billion dollars to invest in EC cross-border infrastructure, research and training.

EC sources said all the signs are now that it might be "a bland statement" as member states want to keep their belt tight.

On the EC budget, differences remain as wide as on the Danish problems. The four poorer states—Spain, Portugal, Greece and Ireland, demand big increase in EC budget and want more money being put into the so-called "cohesion fund" to help them meet the EC economic level.

Facing gloomy economic situation, the richer EC countries are reluctant to make more contributions to the budget.

Spanish Prime Minister Felipe Gonzalez even threatened to block agreements on the Danish problems and EC's enlargement.

Other EC countries also conceive that the summit issues should be linked in one way or another. Some want their political concession to be made in exchange for others' economic help. Others reverse.

Their argument made things interlocked and more complicated.

Despite pre-summit pessimism, possibility is still there that, at the end of the day, EC leaders, after hard bargaining, might reach some kind agreement to have these issues to be solved in a package.

The failure of the Edinburgh summit is in interests of no one. That EC leaders will not misunderstand.

United States & Canada**Former U.S. Secretary of State Continues Visit****Kissinger Meets Li Peng**

OW1012171292 Beijing XINHUA Domestic Service in Chinese 1416 GMT 10 Dec 92

[By correspondents Chai Shikuan (2693 0013 1401) and Ding Qilin (0002 0366 2651)]

[Text] Beijing, 10 Dec (XINHUA)—Speaking at a meeting with former U.S. Secretary of State Henry Kissinger here today, Premier Li Peng said that the Chinese Government is willing to develop equal and mutually beneficial cooperative relations [ping deng hu li di he zuo guan xi 1627 4583 0062 0448 4104 0678 0155 7070 4762] with the new U.S. Administration based on the principles of the three Sino-U.S. Joint Communiqués.

Li Peng stressed that China has always attached importance to its relations with the United States and has made great efforts to improve and develop relations between the two countries. He said: "In developing Sino-U.S. relations, we attach equal importance to the role played by both the Republican Party and the Democratic Party, and we wish that both parties will make an effort to safeguard and improve relations between the two countries."

During the meeting, which lasted more than an hour, Dr. Kissinger gave his views on the current international situation and Sino-U.S. relations. He stressed that maintaining and developing good relations between the United States and China is compatible with the two countries' fundamental interests and also of great significance to safeguarding world peace and stability. He held that both sides should make an effort to improve and develop relations between the two countries.

The meeting was held at the Diaoyutai Guesthouse. According to Foreign Ministry officials, the host and the guest had a "frank, sincere, and lively" discussion on Sino-U.S. relations and a broad range of international issues. Li Peng welcomed Kissinger's visit to China, his 12th, and warmly praised his positive contributions to reopening the door of Sino-U.S. relations and safeguarding and developing bilateral ties in the last 20 years and more.

Li Peng said: The world today is in a period of great changes. The international situation is turbulent, and the trend toward multipolarization is accelerating. The situation in Asia, where China is located, is relatively stable, and the tendency toward economic growth also continues. Faced with such a situation, every far-sighted statesman will recognize that continuing to improve and develop Sino-U.S. relations is of great significance to the peoples of the two countries and to peace and development in the Asia-Pacific region as well as the world.

Li Peng pointed out: Both China and the United States are Pacific countries with major influence. They have

between them broad common interests as well as differences, and this is an objective fact. As long as the two sides observe the Five Principles of Peaceful Coexistence, respect each other, and seek common ground while reserving differences, relations between the two countries will be able to develop continuously.

Li Peng said: The Chinese and U.S. economies are mutually complementary, and their trade is mutually beneficial. The Chinese market is huge and it is opening wider. It is in the fundamental interests of the people of the two countries to maintain normal state relations and mutually beneficial trade and economic exchanges.

Chinese Ambassador to the United States Zhu Qizhen and Vice Foreign Minister Liu Huaqiu were present at the meeting. After the meeting, Li Peng gave a banquet honoring Kissinger and his party. Zhu Qizhen, Liu Huaqiu, and U.S. Ambassador to China J. Stapleton Roy attended the banquet.

Dr. Kissinger arrived in Beijing this morning at the invitation of the Chinese Foreign Ministry. Qian Qichen, Chinese state councillor and foreign minister, met and entertained him. The two sides had a wide-ranging exchange of views on Sino-U.S. relations and international issues of common concern in a warm and friendly atmosphere.

Meets Zhu Rongji

OW1112045292 Beijing XINHUA in English 0329 GMT 11 Dec 92

[Text] Beijing, December 11 (XINHUA)—Chinese Vice-Premier Zhu Rongji met here today with former U.S. Secretary of State Dr. Henry Kissinger.

They had an in-depth conversation in a cordial atmosphere.

Kissinger arrived here yesterday as guest of the Chinese Foreign Ministry.

Song Jian, Quayle Discuss Science Cooperation

OW1112090092 Beijing XINHUA in English 0842 GMT 11 Dec 92

[Text] Washington, December 10 (XINHUA)—U.S. Vice President Dan Quayle met here today with Song Jian, China's top science administrator now visiting the United States.

During the meeting, according to a senior Chinese official, Quayle expressed his hope that science cooperation between the United States and China will continue.

The cooperation, which so far has been successful, is important for the two countries as well as for the world, the vice president was quoted as saying.

Song, China's state councillor and minister in charge of the State Science and Technology Commission, is

heading a 16-member Chinese Government delegation that arrived here Wednesday [9 December].

The delegates include the country's aerospace and public health ministers, chairman of the National Committee for Natural Sciences Fund, and presidents of three national academies.

The visitors are guests of Dr. Allan Bromley, assistant to the U.S. President for science and technology and director of the White House science and technology policy.

And it is the first time that the Chinese Government sent a delegation of its kind to visit the United States at the official invitation of the U.S. side.

Song, concurrently cochairman of the Sino-U.S. Joint Committee of Science and Technology Cooperation, also met with Dr. Bromley, the other cochairman of the joint committee.

The two expressed their satisfaction with the implementation of a Sino-U.S. science cooperation agreement signed in 1972, which has resulted in several hundred cooperative items.

There are "big science" projects under way in the United States, Bromley said, and Chinese scientists are welcome to participate in international cooperation in these fields.

The "big science" projects, explained an official participating the meeting, include the superconducting supercollider, human genomes, global meteorological observation, earthquake prediction, etc.

Song said China is willing to actively participate in international cooperation and will support the U.S. supercollider construction with manpower, technology, and possibly finance.

NPC Vice Chairman Meets U.S. Visitors

*OW2711115692 Beijing XINHUA in English 1140
GMT 27 Nov 92*

[Text] Beijing, November 27 (XINHUA)—Wang Hanbin, vice-chairman of the Standing Committee of the National People's Congress (NPC) of China, met with Pat Robertson, chairman of the Board of the United States Media Corporation (USMC), and his party at the Great Hall of the People here this afternoon.

Robertson and his party came here Thursday [26 November] at the invitation of the Chinese Foreign Ministry and Ministry of Radio, Film, and Television.

During the meeting, Wang said that Sino-U.S. cooperation in fields of economy and trade, science and technology, and culture would be mutually beneficial.

He expressed the hope that the cooperation between the Chinese Ministry of Radio, Film, and Television and USMC would be further developed.

"I hope that USMC would report more about China so that the mutual understanding and friendship between the two peoples would be enhanced," Wang said.

Robertson also expressed the wish to see the continuous development of the friendly ties between the two countries.

Ai Zhisheng, Chinese minister of radio, film, and television, was present at the meeting.

Sees Canadian Parliamentarians

*OW2611103592 Beijing XINHUA in English 0915
GMT 26 Nov 92*

[Text] Beijing, November 26 (XINHUA)—Wang Hanbin, vice-chairman of the Standing Committee of the National People's Congress (NPC) of China, met with a visiting group of Canadian Parliament members at the Great Hall of the People here this afternoon.

During the meeting, Wang briefed the Canadian visitors on China's reform and opening process. The two sides also exchanged views on the further expansion of bilateral friendly relations between the two countries.

The group, headed by William Vankoughnet, member of the House of Commons of Canada, arrived here Tuesday at the invitation of the Chinese People's Institute of Foreign Affairs.

Apart from Beijing, the Canadian visitors will also travel to Xian, Shanghai, Guangzhou, and Shenzhen.

Jiang Zemin Receives Canadian Businessmen

*OW1112120092 Beijing XINHUA in English 1124
GMT 11 Dec 92*

[Text] Beijing, December 11 (XINHUA)—Jiang Zemin, general secretary of the Communist Party of China (CPC) Central Committee, met with Jean Monty, president of Northern Telecom Ltd. of Canada and his party here today.

Jiang expressed appreciation for the efforts made by the Northern Telecom to promote the development of China's telecommunications. He also hoped that the company will further expand its cooperation with China.

Monty said that he was impressed by the rapid development of telecommunications in China in recent years. He added that his company will continue to make efforts for China's modernization in this area.

Northern Telecom, an international manufacturer of equipment of telecommunications and electronics, has close cooperation with China by trading products and by transferring technology.

**XINHUA Official: Clinton Remarks
'Inappropriate'***HK1112041892 Hong Kong WEN WEI PO in Chinese
11 Dec 92 p 11*

[Report: "Zheng Guoxiong, Deputy Chief of XINHUA Hong Kong, Reiterates That It Is Inappropriate for Third Party To Comment on Hong Kong Affairs"]

[Text] Answering correspondents' questions yesterday on the issue of Sino-British relations, Zheng Guoxiong, deputy director of the XINHUA News Agency Hong Kong Branch, stated that the Sino-British Joint Declaration was concluded following years of negotiations by the Chinese and British sides, adding that Hong Kong affairs should be conducted according to the declaration signed by the two countries. The question now is that Patten did not consult with the Chinese side before presenting his political reform proposals and this is a violation of the Sino-British Joint Declaration. Consultations can only be resumed when Patten returns to the starting line.

Zheng Guoxiong also responded to comments by U.S. President-Elect Bill Clinton on the Sino-British dispute. He said that before 1997, the affairs of Hong Kong are the affairs of China and Britain. After 1997, they are the internal affairs of China. This is the consistent position of China and it is inappropriate for any third party to comment on the sidelines.

Further Response to Comments*HK1112073792 Hong Kong WEN WEI PO in Chinese
10 Dec 92 p 11*

["Clinton Is 'Concerned With' Hong Kong"]

[Text] According to foreign press reports, U.S. President-elect Bill Clinton expressed "deep concern" over the worsening dispute between China and Britain over the future of Hong Kong. Bill Clinton was quoted as saying that he was willing to see the United States playing a role in alleviating the tension.

Professor Huang Hsueh-hai, an international political analyst, commented on Bill Clinton's remarks on the United States playing a role in coordinating Sino-British relations and in handling the question of Hong Kong, saying that Clinton's improper remarks violated the diplomatic norms. Fortunately, Bill Clinton has not yet been sworn into office. In accordance with the U.S. Constitution, as president-elect he can make remarks without restrictions. Otherwise, his remarks would likely undermine new Sino-U.S. relations.

Kan Fook-ye, a PRC-appointed adviser on Hong Kong affairs, said that the Chinese Government has made its position clear: If the so-called coordination efforts proposed by Bill Clinton were intended to make the Chinese Government change its position, then the United States would confront a host of difficulties.

Edward Chen Kwan-yiu, a Hong Kong Executive Council member, held: Since China is opposed to foreign interference in Hong Kong's affairs, it is believed that Bill Clinton will be unlikely to succeed in mediating the current Sino-British dispute.

Clinton Names First Economic Team Members*OW1112045192 Beijing XINHUA in English 0300
GMT 11 Dec 92*

[Text] Washington, December 10 (XINHUA)—U.S. President-elect Bill Clinton announced first five members of his economic team at a news conference in Little Rock, Arkansas, this afternoon.

The first appointments included three cabinet members—Lloyd Bentsen, 71, as treasury secretary, Leon Panetta, 54, as director of the office of management and budget, and Robert Rubin, 54, as assistant to the president for economic policy.

Bentsen has been a senator since 1970 and chairman of the Senate Finance Committee since 1987. He was the Democratic presidential candidate Michael Dukakis's vice presidential running mate in 1988.

Panetta is a 16-year congressional veteran and served as chairman of the House Budget Committee since 1989. He has had a role in nearly every major piece of fiscal legislation over the last decade. This year, he drafted a five-year proposal to erase federal deficits with spending cuts and tax increases.

Rubin will chair the National Economic Council, which is a newly designed agency by Clinton and is modeled on the National Security Council. It will coordinate and carry out the economic policies of the president.

Rubin, a 26-year veteran of the investment bank Goldman, Sachs, and Co., and currently its cochairman, graduated from Harvard and attended the London School of Economics and received a law degree from Yale. He rose to the top of Goldman, Sachs, and Co. in 1990.

Rubin was also a major fund-raiser and adviser to Clinton during the campaign.

The two other appointments are deputy secretaries—Alice Rivlin, 61, a currently senior economist at the Brookings Institution, as deputy director of the Office of Management and Budget, and Roger Altman, 46, vice chairman of a New York banking firm, as deputy treasury secretary.

Rivlin served for eight years as the first head of the Congressional Budget Office between 1975 and 1983. She has long sounded the alarm over the huge budget deficit.

Altman directs Clinton's health care transition team and once served as assistant treasury secretary in the Carter administration.

Altman once said that any economic stimulus must be applied with caution.

While announcing the appointments of his economic team, Clinton said at the news conference that during the presidential campaign, he said he would take responsibility for addressing both the short and long-term economic challenges facing the United States.

"Our nation faces two deficits, a budget deficit and an investment deficit," he said, adding that he would "work together" with them and the American people to address the economic challenges.

The members of his economic teams "are seasoned, skilled people able and ready to work for the American people," Clinton said.

Speaking at the news conference, all the appointed said that they would support Clinton in every way possible and to work with him to bring those hopes to reality.

The five appointments are all senior economists who are well-versed in taxation and trade affairs. Some of them are known as deficit "hawks" who support Clinton to take measures to reduce the federal deficit.

Scholar Urges End of U.S. High-Tech Ban

HK1112015092 Hong Kong SOUTH CHINA
MORNING POST in English 11 Dec 92 p 13

[Article by Kent Chen]

[Text] The president of the Chinese Academy of Sciences (CAS) yesterday urged the United States to lift sanctions on the sale of high technology to China.

Professor Zhou Guangzhao, who is in Hong Kong attending an academic conference hosted by the Hong Kong Polytechnic, said the embargo against China was unfair and discriminatory.

The Bush administration earlier this week postponed a decision on the sale of a sophisticated high-speed computer in the wake of reports that China had exported missile technology to Pakistan.

Professor Zhou said he hoped they would not block the sale of the high-speed computer.

Experts said the computer, designed to monitor weather patterns and provide early warning of disasters such as floods, could save thousands of lives in a country such as China.

Professor Zhou said the specific impact of the high technology sanctions on scientific research in China was difficult to assess because the embargo could be circumvented by carrying out academic cooperation with overseas scientists.

In research involving a large amount of data, the process would be slowed down without the help of a high-speed computer, Professor Zhou said.

But with the cooperation of overseas scientists, the data could be relayed to other countries via satellite for processing.

"It's easier to forge cooperation between fellow scientists than between two countries," he said.

On the recruitment of personnel, Professor Zhou said CAS would treat overseas educated and locally educated scholars as equal.

About 110,000 Chinese students have failed to return from foreign studies—two-thirds of the 170,000 who have gone abroad since 1978.

Many coastal cities are offering preferential treatment, including housing and cars, to attract students to return home.

But Professor Zhou said CAS would judge its staff on their ability and contribution, instead of where they were educated.

"By giving preference to returned students, we would be acting as if we were encouraging the exodus of talent," he said.

He said while some people would choose to work for better living conditions, many still preferred to work at a research institute like CAS seeking academic achievement.

Professor Zhou noted that in a recent recruitment drive for four vacancies in the field of physics, there were more than 20 applications from overseas.

While accomplished scholars were welcome to return, CAS could not afford to absorb all of them at one time, he said.

Central Eurasia

Oil Logging Corporation Sets Up Russian Venture

OW1112092192 Beijing XINHUA in English 0828
GMT 11 Dec 92

[Text] Beijing, December 11 (XINHUA)—The China Offshore Oil Logging Corporation (COOLC) has set up a joint operation with a Russian oil company as its first venture into the international market.

COOLC, which has earned about 52 million U.S. dollars since it was set up in 1981, signed a contract recently with the Okha Offshore Logging Corp., of Russia, to form the China-Russia Joint Venture Logging Corp. Ltd. in Sakhalin.

According to the contract, the joint venture is to provide services for Russian and Western oil companies.

The president of COOLC, Duan Kang, said his company is considering purchasing an overseas oil logging company to boost its business, as the Beijing Capital Iron and Steel Company did last month.

The Beijing Capital Iron and Steel Company bought the Hierro Peru Iron Ore Company at a cost of 120 million U.S. dollars.

According to Duan, COOLC started with a loan of 7.2 million U.S. dollars in 1981 and later established a Sino-U.S. joint venture.

COOLC, which is expected to make a profit of 60 million yuan (about 10 million U.S. dollars) this year, set up the China Oil Logging Dresser Atlas Cooperation Service Co. Ltd. (LCC) with the Dresser Atlas Wireline Services in 1981.

With two CLS-3700 computerized logging systems it bought from its partner at a cost of 6.2 million U.S. dollars, COOLC earned 18.95 million U.S. dollars during its first four years of operation.

Duan said COOLC was praised in May last year by China's oil authorities in charge of the country's massive oil exploration campaign in the Tarim basin in the Xinjiang Uygur Autonomous Region.

China discovered a huge oil field in the basin last year after years of exploration by selected teams from other parts of the country.

"Unlike our domestic, inefficient, state-owned counterparts, our company has been operating on its own initiative. That is the reason why we have been successful, and we can concentrate our effort on providing our best services to our overseas and domestic customers," Duan said.

He said COOLC and LCC not only have provided offshore services for the oil companies operating in South China Sea and Bohai Sea, and the self supporting wells, such as Esso, Oxy, JNOC, Amoco, Total and JHN, but also for domestic fields including Shengli in Shandong Province and the Tarim basin.

Some of the company's 49 senior engineers and 123 engineers were trained at centers at Western Atlas International or Schlumberger.

With about 700 employees and with its headquarters in Hebei Province, about half of an hour's drive from Beijing, COOLC has its branches and operations in Tanggu, Shenzhen and Zhanjiang, and Korla in the Xinjiang Uygur Autonomous Region.

Yeltsin, Russian Congress Issue Appeal for Calm

OW1112134992 Beijing XINHUA in English 1321 GMT 11 Dec 92

[Text] Moscow, December 11 (XINHUA)—The president and congress today issued a joint statement calling on the people to refrain from mass action and violence, the news agency ITAR-TASS reports.

After consultations this morning, President Boris Yeltsin and parliament Speaker Ruslan Khasbulatov signed a draft of the joint statement.

In it they voiced their "unconditional resolve to settle controversial problems in relations between legislative and executive authorities only by constitutional methods and means."

The president and the speaker appealed to all citizens of Russia, political parties, public movements and mass media to refrain from political actions connected with violence, rivalry, and confrontation in society.

The statement also urged people not to hold massive actions which could lead to the upsetting of public order.

The statement was later approved by the congress.

According to the deputy chairman of parliament, Yuriy Yarov, the president, the speaker, and the chairman of the Constitutional Court, Valeriy Zorkin, will meet today to resolve the confrontations between the government and the parliament over the nomination of Prime Minister Yegor Gaydar.

On Tuesday, the Seventh Congress of the People's Deputies rejected the confirmation of Gaydar as prime minister, which triggered a political row with Yeltsin.

Grachev Pledges No Military Action in Struggle

OW1012135592 Beijing XINHUA in English 1341 GMT 10 Dec 92

[Text] Moscow, December 10 (XINHUA)—Russian Defense Minister Pavel Grachev said today that he and his Defense Ministry will always stand firm to the constitution and never use the armed forces to solve political struggles.

Speaking at the Seventh Congress of People's Deputies, Grachev declared, "The armed forces of the Russian Federation were, are and will be on the side of law and the constitution."

On Tuesday, the Seventh Congress failed to approve Yegor Gaydar as prime minister of the Russian Federation as nominated by President Boris Yeltsin.

On Thursday, Yeltsin called for a referendum on who should be responsible for Russia's economic revival, the president or the congress.

Later, Parliament Chairman Ruslan Khasbulatov offered his resignation.

At today's congress, Minister of Home Affairs Viktor Yerin also said the Home Affairs Ministry and its subordinate departments would stick to the constitution and law.

He denied the rumour that the armed forces were being mobilized.

Southeast Asia & Pacific

Sino-Indonesian Joint Commission Session Ends

*OW1012130192 Beijing XINHUA in English 1234
GMT 10 Dec 92*

[Text] Jakarta, December 10 (XINHUA)—The second meeting of the Joint Commission of Economic, Trade, and Technical Cooperation between the Government of China and the Government of Indonesia ended here today.

Chinese Minister of Foreign Economic Relations and Trade Li Lanqing, Indonesian Minister of Trade Dr. Arifin M. Siregar signed the summary of the meeting on behalf of their respective government.

At the closing ceremony, Chinese companies of machinery, chemistry, and local products respectively signed seven contracts valuing at about 800 million U.S. dollars.

China will build a power generating equipments factory, power stations, cement factories, a tractor assembling factory in Indonesia and import 2 million tons of crude oil and 220,000 cubic meters of plywood from Indonesia.

The second meeting opened on December 8. The Chinese Government economic and trade delegation led by Minister Li Lanqing and the Chinese businessmen delegation attended the meeting.

Present at the meeting from the Indonesian side were Trade Minister Arifin, leading cadres of government departments and state-run enterprises.

At the closing ceremony, Arifin said the signing of the summary of the meeting and the contracts showed that the degree of economic and trade cooperation between Indonesia and China has upgraded with broader areas. He said that he is confident that the bilateral cooperation will develop further.

Li Lanqing said the results of the meeting testified that economic and trade cooperation between Indonesia and China has entered a new stage. Besides strengthening trade on traditional commodities, it is more important that the two countries began cooperate in the fields of investment and transfer of technology, he said.

Australian Consulate Opens in Guangzhou

*HK1012011292 Beijing CHINA DAILY in English 10
Dec 92 p 3*

[Article by staff correspondent Zheng Caixiong: "Australian Consulate in Guangzhou"]

[Text] Guangzhou—The Australian Consulate General's Guangzhou office formally opened yesterday in the capital city of Guangdong to further the relationship between Australia and the booming southern Chinese province.

It is the second consulate general the South Pacific nation has opened in the Chinese mainland.

In two weeks, Australia and China will celebrate the 20th anniversary of diplomatic relations between the two countries.

"The newly-opened consulate general will mainly serve commercial purposes, while cultural and other matters will be provided later," said Stephen Martin, Australia's Parliamentary Secretary for Foreign Affairs and Trade.

Zhu Rongji Meets Australian Visitors

*OW1012223192 Beijing XINHUA in English 1256
GMT 10 Dec 92*

[Text] Beijing, December 10 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Tom Burns, deputy premier of Queensland State of Australia and his party the Great Hall of the People here this afternoon.

The visitors arrived here yesterday.

UNTAC To Investigate 'Foreign Forces' Issue

*OW1012142292 Beijing XINHUA in English 1236
GMT 10 Dec 92*

[Text] Phnom Penh, December 10 (XINHUA)—The issue of "foreign forces" in Cambodia is to be investigated, members of the nation's Supreme National Council were told at a United Nations sponsored working session here today.

The Democratic Kampuchea Party failed to appear at the three-hour meeting which was held under the chairmanship of Yasushi Akashi, the special representative of UN Secretary General, at the headquarters of the United Nations Transitional Authority in Cambodia (UNTAC).

Akashi said the question of the presence of foreign residents and immigrants was a topic which had been raised by Khieu Samphan, the national council member for the Democratic Kampuchea Party, many times.

Later, the UNTAC spokesman, Eric Falt, told a press conference that Akashi, who is also the head of UNTAC, had explained the operation of a strategic investigation team looking into the presence of foreign forces in Cambodia.

UNTAC will collect and examine all information related to foreign residents and immigrants in Cambodia, the spokesman said, and will also study all matters concerning immigration, citizenship, including past and current registration, and finally it will present its findings to the UN Security Council.

Akashi had said the military forces of UNTAC had established teams with the capability of quickly deploying by air, water or land to investigate allegations of the presence of foreign forces anywhere in Cambodia.

Foreign forces to be the subject of investigation include foreign regular, paramilitary and auxiliary forces, military advisers and military personnel remaining in Cambodia.

The report said that any such persons or groups now resident in the country, no matter whether military or civilian, would have to leave the country and not be allowed to return.

At the beginning of the session, Akashi read a letter from Prince Samdech Sihanouk, chairman of the national council, saying it might be possible for him to return to Cambodia in January, 1993.

The spokesman said Sihanouk endorsed nine projects on rehabilitation and the creation of a technical advisory committee on constitutional principles.

At the meeting it was agreed that the Khmer Krom had the right to take part in general elections scheduled for May next year, but the matter will be reported to Prince Sihanouk, for examination and approval.

Near East & South Asia

Nepalese King Inaugurates PRC-Aided Plant

OW1012223792 Beijing XINHUA in English 1526 GMT 10 Dec 92

[Text] Kathmandu, December 10 (XINHUA)—Nepalese King Birendra today inaugurated a rubber plant built with Chinese technology and equipment in western region of the country.

The King and Queen Aishwarya visited workshops of the Gorakhkali Rubber Industry Limited and inquired into the conditions of production.

The king also granted audience to visiting Chinese Minister of Chemical Industry Gu Xiulian and a delegation she leads and some of the Chinese technicians.

At the inauguration ceremony, Nepalese Minister of State for Industry and Labor Ramkrishna Tamrakar spoke highly of the role of the factory and said that the government will encourage the local people to develop rubber tree plantation.

Minister Gu asked Chinese personnel to teach Nepalese friends knowhow and experience with brotherly sentiment and duty so that they can work well at their posts as early as possible and produce more tires to meet the increasing demand.

Located more than 120 kilometers west of Kathmandu, the rubber plant has ended the history of Nepal's entire dependence on the international market for the supply of rubber tires.

The factory is designed to produce 88,000 standard sets of truck, bus, jeep and car tires annually. With relatively low prices and high quality, the products fell short of the demand in Nepal with some being exported to Bangladesh.

Present on the occasion were Nepalese Speaker Daman Nath Dhungana and Chinese Ambassador to Nepal Shao Jiongchu.

Commentary Views Hindu-Muslim Strife in India

BK1112105192 Beijing China Radio International in Hindi 1500 GMT 10 Dec 92

[Unattributed commentary]

[Text] India's fanatic and frenzied elements on 6 December entered the disputed Babri Mosque at Ayodhya in Uttar Pradesh and demolished it. Rioting and violence erupted in various parts of India soon after this incident. Savage clashes between Hindus and Muslims fast spread throughout the country. Meanwhile, heavy rioting and violence also erupted in Islamic countries like Pakistan, Bangladesh, and Afghanistan. Muslims, in retaliation, torched many Hindu temples and the situation became one of concern. According to reports, more than 600 people had died and hundreds more were injured in the bloody clashes in India by 9 December. In Bombay City of Maharashtra alone, 115 people were killed in rioting.

The Babri Mosque incident has caused strong reaction in India's neighboring Islamic countries. In Pakistan, nation-wide strikes and demonstrations took place on 8 December. Hindu temples in Rawalpindi and Lahore were either damaged or destroyed. Tens of people were injured the clashes and more than 100 were arrested. On the same day, a general strike was observed throughout the country in Bangladesh. Some Muslims destroyed a 100-year old temple. Angry Muslims attacked Hindu temples, shops, and their localities in Dhaka, Chittagong, Khulna, and other areas. According to knowledgeable sources, it was decided that the summit of the South Asian Association for Regional Cooperation, which was scheduled to be held in Dhaka from 12 December, now stands postponed. In eastern Afghanistan, some Muslims attacked Hindu temples. On 7 December, the Afghan Government presented a memorandum to India on the Babri Mosque incident.

Following the Babri Mosque incident, some opposition parties in India demanded the resignation of the government, which in turn arrested senior leaders of Bharatiya Janata Party—a fanatical pro-Hindu party—and banned some extreme Hindu organizations. The Indian Government has also promised to rebuild the demolished Babri Mosque and build a temple in Ayodhya.

Yemen Receives Envoy, Jiang Zemin Greetings

OW0912223992 Beijing XINHUA in English 1844 GMT 9 Dec 92

[Text] Sanaa, December 9 (XINHUA)—Vice-President 'Ali Salim al-Bid today received Chinese Ambassador to Yemen Li Liugen.

The Yemeni leader praised China's achievements in economic reforms and spoke highly of the traditional ties of friendship and cooperation between Yemen and China.

He expressed hope that relations between the two countries would be strengthened and enhanced, and that visits be exchanged between the two sides at various levels.

The Chinese ambassador conveyed to the vice-president greetings from Jiang Zemin, secretary general of the Central Committee of the Chinese Communist Party, and Wang Zhen, vice-president of China.

Sub-Saharan Africa

Spokesman Comments on South African Violence

OW1112092092 Beijing XINHUA in English 0900
GMT 11 Dec 92

[Text] Beijing, December 11 (XINHUA)—China hopes that the parties concerned in South Africa will resolve their differences through negotiations and prevent the continuation or escalation of violence in that country, a Chinese Foreign Ministry spokesman said here today.

The spokesman made the statement when asked to comment on the fact that several violent incidents have taken place in South Africa recently, in which some white people were attacked, resulting in some deaths and injuries.

"The recent continued violence in South Africa that took many innocent lives has caused concern and anxiety from the international community," he noted, adding that "China always opposes and condemns all forms of terrorism."

"We hope that the parties concerned in South Africa will exercise restraint and resolve their differences through negotiations so as to prevent the continuation or escalation of violence and move forward smoothly the peace process in South Africa," the spokesman said.

Li Peng Meets Mozambican Foreign Minister

OW1012150692 Beijing XINHUA in English 1427
GMT 10 Dec 92

[Text] Beijing, December 10 (XINHUA)—Chinese Premier Li Peng met with Foreign Minister Pascoal Manuel Mocumbi of Mozambique here this afternoon.

Li, extending a welcome, said Mocumbi's visit will help promote growth of the existing friendly relations of cooperation between China and Mozambique.

Mocumbi, after giving an account of the situation in Mozambique and southern Africa, voiced appreciation for China's understanding and support for the Mozambican people. He hoped China, as "a reliable friend of

Mozambique and a member of the UN Security Council, will continue to support the just cause of the Mozambican people."

Also, he expressed the wish to see more exchanges between the educational, scientific and technological departments, and strengthened business ties between the two countries.

Earlier this afternoon Mocumbi, together with a leading official of the Chinese Ministry of Foreign Economic Relations and Trade, signed an agreement on economic and technological cooperation between the Chinese and Mozambican governments and exchanged letters on the Chinese Government providing a batch of general materials for the Mozambican Government.

The Mozambican foreign minister will end the visit and leave for home tomorrow.

West Europe

Spokesman Welcomes German Move To End Sanctions

OW1112103692 Beijing XINHUA in English 1021
GMT 11 Dec 92

[Text] Beijing, December 11 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China welcomes Germany's move to lift its sanctions against China.

The spokesman made the statement when asked to respond to the report that the German parliament has voted to lift its sanctions against China so as to normalize German-Chinese relations.

He said, "The complete lifting of its restrictions on cooperation with China by the German Federal Assembly is conducive to the further improvement and development of Sino-German ties. This is beneficial to both sides. We welcome it."

German Assembly Votes for Normalizing PRC Ties

OW1112021292 Beijing XINHUA in English 0127
GMT 11 Dec 92

[Text] Bonn, December 10 (XINHUA)—The German Federal Assembly today ratified a resolution seeking the normalization of Germany-China relations.

The resolution, which was proposed by the ruling Federal Union, ends the sanctions and export-trade restrictions on China imposed by the assembly in 1989.

The assembly also called on the federal government to improve diplomatic relations with China.

German Foreign Minister Klaus Kinkel said criticism of the government's policy of seeking normal Germany-China relations was unjustified.

Li Ruihuan Receives Spanish Delegation

*OW1112083892 Beijing XINHUA in English 0801
GMT 11 Dec 92*

[Text] Beijing, December 11 (XINHUA)—Li Ruihuan, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC), met with a delegation from the United Left of Spain led by its Presidium member Francisco Frutos Gras here this morning.

Li said that China and Spain have enjoyed long and friendly relations between the officials and non-governmental personages of the two countries.

The delegation's current visit to China has helped promote the mutual understanding between the CPC and democratic parties of China and the United Left of Spain and it will be of positive significance to the enhancement of the friendly relations and cooperation between the two countries and the two peoples, he said.

During the meeting, Li briefed the delegation on China's economic construction, reform, and opening to the outside world and political structure reform in particular and also on multiple-parties' cooperation and political consultative system under the leadership of the CPC.

At the visitors' request, Li also explained China's principled stand on present major international issues.

Frotos said during the visit, he witnessed that China has found correct principles and policies for the development of its country, which has left a deep impression on the delegation.

Present on the occasion were Dong Yinchu, chairman of the Central Committee of the China Zhi Gong Dang [Party for Public Interests], and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

The Spanish visitors arrived here on December 8 as the CPC's guests. Besides Beijing, they also toured Shanghai.

Political & Social

Magazine Shut Down for Publishing Pro-Democracy Article

HK1112093692 Hong Kong AFP in English 0909 GMT 11 Dec 92

[Text] Beijing, Dec 11 (AFP)—China's communist authorities have shut down a magazine for publishing the first calls for greater democracy since the 1989 Tiananmen Square protests.

"Future and Development" [WEILAI YU FAZHAN], an official bi-monthly, was ordered to halt all operations last week after carrying an article by veteran human rights activist Xu Liangying, a close friend of exiled dissident Fang Lizhi, sources said.

It was unclear if the ban was permanent.

Some 20,000 copies of the magazine's October edition were circulated before the ban and photocopies of Xu's article were being passed among intellectuals.

Xu, a 72-year-old natural scientist with the Chinese Academy of Sciences, argued in his article that China's market reforms would be impossible without steps to introduce greater democracy.

In an article titled "Reform Cannot Succeed Without Political Democracy," he suggested that if the Beijing government continued along its current path that it could be compared to Adolf Hitler.

"If growth in production is the only standard for social progress, than Hitler's Germany, not Asia's 'Four Dragons,' deserves to be praised.... Based on its 'great achievements' we should chant 'Long Live Hitler,'" Xu wrote.

He also rejected the argument that China could follow the model of Asia's "Four Dragons," since the four—South Korea, Taiwan, Hong Kong and Singapore—were all private economies to begin with, unlike China.

"Future and Development" is overseen by the China Association of Science and Technology.

The association's Communist Party committee last week ordered the magazine to close after it aroused the attention of the central government.

Further on Closure

HK1112122092 Hong Kong AFP in English 1153 GMT 11 Dec 92

[By William Brent]

[Text] Beijing, Dec 11 (AFP)—China's communist authorities have shut down a magazine that published the first calls for greater democracy since the 1989 Tiananmen Square protests, sources said Friday.

"Future and Development" [WEILAI YU FAZHAN], an official bi-monthly, was ordered to halt all operations last week after carrying an article by veteran human rights activist Xu Liangying, a close friend of exiled astrophysicist Fang Lizhi. The bold article compared China's leaders to Adolf Hitler, while an equally hard-hitting commentary by dissident legal scholar Yu Haocheng warned that the communist party's power would be threatened unless it democratized. Both activists rejected the argument, advocated by leader Deng Xiaoping, that economic reform could proceed without democracy.

It was the first time since the 1989 crackdown that public calls for political liberalization has been heard in China and the ban illustrated the party's refusal to entertain any such changes.

Democracy has "not moved an inch" in China, Xu wrote. "Especially after the 1989 Tiananmen incident shocked the country and the rest of the world, democracy and freedom have been seen as a scourge and people who support democracy have been labelled 'the enemy,'" he said.

Acknowledging that the fight for democracy in China would be long, the 72-year-old natural scientist called on the authorities to guarantee human rights and freedom of speech, press and assembly as a start. "Man after all is no longer an animal satisfied simply with eating, drinking and defecating," he said, rejecting Beijing's argument that subsistence is the basic human right.

Some 20,000 copies of the magazine's October edition were sold before the ban and photocopies of Xu's article, "Reform Cannot Succeed Without Political Democracy," were circulating among Beijing's intellectuals.

Even liberals were surprised by the strength of the language it used. "If growth in production is the only standard for social progress, than Hitler's Germany.... deserves to be praised," Xu wrote. "Based on its 'great achievements' we should chant 'Long Live Hitler.'"

It was unclear if the ban on the magazine was permanent. "Future and Development" is officially registered with the authorities and is overseen by the China Association of Science and Technology.

In August, the magazine started a new section called "Prospects and Problems of China's Reforms in the Next 10 Years," and invited leading liberal scholars to contribute.

The association's Communist Party committee last week ordered the magazine to close, apparently due to pressure from the government. Hardliners in the leadership have attacked the magazine, accusing it of opposing the party's line, but the central party apparatus has yet to take any formal action against it, the sources said. Similarly, no action has been taken against the two authors.

In his article, Yu Haocheng accused "a few leading cadres" of fearing democracy and warned that the party's monopoly on power could be threatened if it failed to liberalize. "A situation in which any voice cannot be heard is pregnant with danger and cannot be maintained," he said, adding that the leadership had "underestimated the political awareness" of the Chinese people.

"Reform should not just be in the economic field, but there should also be an opening of politics and culture," he added.

Both authors were active in the 1989 protest movement. Yu was detained after the crackdown and Xu was effectively stripped of his party membership.

Authorities Reportedly Deny Passport to Academic

HK1112012292 Hong Kong SOUTH CHINA MORNING POST in English 11 Dec 92 p 12

[Article by John Kohut in Beijing]

[Text] Prominent socialist scientist Mr Li Honglin is being denied permission to leave China for the United States in apparent violation of Chinese laws and the leadership's pledges to guarantee freedom of movement for ordinary citizens.

The Ministry of Public Security has said Mr Li's application in principle raises no problems. But Mr Li said his former work unit, the Fujian Academy of Social Sciences, had refused to write a "letter of introduction" on his behalf. Without such a letter, he cannot get a passport.

The case demonstrates that although China has allowed some prominent dissidents to leave the country in recent months, the Government is not carrying out its stated policies uniformly.

The 67-year-old scholar was released without charges in May 1990 after spending 10 months in jail. He was detained just after the 1989 Beijing massacre for allegedly committing a crime in trying to negotiate a dialogue between the Government and student leaders of the democracy movement.

Since being released from detention, he has not been allowed to continue his research.

With no charges currently against him, Mr Li is in principle entitled to leave China under both the law and a Chinese commitment one year ago to then U.S. Secretary of State Mr James Baker that exit permission would be granted to citizens provided they were not facing any legal charges.

As a researcher at the Fujian Academy of Social Sciences, Mr Li wrote numerous articles advocating economic and political reform in China. His 1988 book *Four Isms In China* argued that the country's present

social system resulted from the existence of feudalism, capitalism, socialism and communism all at the same time.

In 1986 Mr Li spent a year at Princeton University lecturing on China's political economy.

Mr Li wants to go to the United States to visit his son and new granddaughter, and to take up invitations from Columbia and Princeton universities.

Mr Li took up the issue with the Public Security Ministry in Beijing in July.

In August the ministry told him "please rest assured, the matter can be resolved", he said. Since then, he has been going to the ministry every week or two, but the answer has always been that he must wait.

Mr Li's wife was given a passport and was allowed to leave China to join her son last September.

His daughter, who also works at the Fujian Social Sciences Academy, was refused permission to leave China when she applied last year.

Jiang Criticizes Rigidity, 'Bandwagon' Effect

HK1112064692 Hong Kong CHING CHI TAO PAO in Chinese No 47, 30 Nov 92 p 23

[From "China Economic News" column: "Jiang Zemin Says 'Bandwagon' Effect, Others are Contrary to Economic Laws"]

[Text] During a recent inspection tour of Gansu Province, General Secretary Jiang Zemin said: Subjectivism, one-sidedness, a rigid way of thinking, imposing uniformity, and jumping on the bandwagon are contrary to materialist dialectics. These negative phenomena are far from completely disappearing in our actual work. Moreover, they sometimes make trouble. Some places are now vying to develop the stock market, real estate, and processing areas without considering their own conditions. I do not mean that they cannot develop them. I think it is not good if they jump on the bandwagon without considering their locations and conditions. If we continue to allow them to do this, the consequences will be serious. Moreover, I must point out that this practice does not conform to the spirit of Comrade Xiaoping's remarks during his southern tour, or to the laws of economic development, or the wishes of the people.

More on Li Peng, Liu Huaqing Tour of Guangxi

OW1112120192 Beijing XINHUA Domestic Service in Chinese 0403 GMT 10 Dec 92

[By RENMIN RIBAO correspondent Zheng Shengfeng (6774 4141 0023) and XINHUA reporters Du Xin (2629 2450) and He Ping (0149 1627)]

[Text] Nanning, 10 Dec (XINHUA)—Li Peng, premier of the State Council, pointed out during his recent

inspection tour of Guangxi Zhuang Autonomous Region: While featuring greater southwest China at its back and while facing all of Southeast Asia, Guangxi enjoys distinctive geographic advantages. The policy of giving full play to Guangxi's role as southwest China's seaward thoroughfare is a policy of great strategic significance for reform, opening up, and economic development in Guangxi, as well as a strategic policy for the southwest region as a whole.

After concluding his visit to Vietnam, Li Peng, accompanied by Zhao Fulin, secretary of the Guangxi autonomous regional party committee, and Cheng Kejie, chairman of the regional government, inspected Nanning, Beihai, Guilin, and other areas 4-9 December. While he was in Guangxi, he and Comrade Liu Huaqing, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice chairman of the Central Military Commission, inspected the site for the planned new Guilin airport and attended a meeting of relevant departments to study the project.

After the CPC Central Committee adopted in May of this year the strategic decision to give full play to the role of Guangxi as southwest China's thoroughfare, Guangxi has accelerated construction of infrastructural facilities related to its role as a seaward thoroughfare. During his stay in Guangxi, Li Peng visited Fangcheng, Qinzhou, Beihai, and other seaports. He pointed out: The natural conditions at the three ports are rather good. The conditions are fine for port construction. Nevertheless, construction must be carried out in line with overall planning and after feasibility studies have taken all factors into consideration—factors such as rational geographic distribution, division of work, and exploitation of all natural advantages. We should also avoid overlapping or blind construction work in our infrastructural projects. As for the pace of development, localities in which the conditions are right may develop faster, but they must take into consideration overall economic efficiency and their individual capabilities. It is necessary to give prominence to key projects.

Guangxi, a province that borders Vietnam, has witnessed rapid development in trade with Vietnam in recent years. During his inspection, Li Peng pointed out that a peaceful international environment is of utmost importance to China's reform, opening up, and economic construction. He said China attaches importance to developing good-neighborly and friendly relations with bordering nations, and it attaches importance to developing economic and technological cooperation with these nations based on such relations. He said that, by its very nature, Sino-Vietnamese trade is complementary. Guangxi should take full advantage of this complementary nature when developing trade relations with Vietnam. In terms of border trade, Li Peng said it is important to stress product quality and to prevent the export of fake or inferior products, which would hurt the reputation of China's exports.

Situated in the subtropics, Guangxi is a major sugarcane growing area and is one of China's sugar production bases. While in Nanning, Li Peng visited the Nanning Sugar Plant and the Nanning Paper Mill. He called on the people of Guangxi to take full advantage of their rich resources in agriculture and forestry, vigorously promote the comprehensive utilization of sugar cane and other crops, and add to their value. In terms of agricultural production, it is necessary to follow the path of producing high yields of high-quality produce and to achieve high economic efficiency. It is also necessary to help farmers shake off poverty and assist them in becoming well off.

During a discussion with the leaders from the autonomous region, Li Peng pointed out that the 14th CPC National Congress was an meeting of great importance and deep significance, particularly in terms of its advancement of the idea of establishing a socialist market economy. The establishment of a market economy will be conducive to bringing everyone's individual initiative into play and to effectively allocating resources. Of course, the importance of macroeconomic control should not be neglected. In implementing the guidelines established at the 14th CPC National Congress, Guangxi should, by taking into consideration its own reality, study ways to develop the socialist market economy, devise a development strategy suited to local conditions, emancipate minds, seek truth from facts, and push for faster economic development without sacrificing economic efficiency. Guangxi should increase construction of communications and other infrastructural facilities. It should become a passage to the sea for other areas in the Great Southwest as soon as possible. The key to achieving this end lies in heightening the construction of and opening the Nanning-Kunming railway. Support for the construction of the Nanning-Kunming railway will be important for invigorating Guangxi's economy.

Li Peng said that with Guilin in the north and Beihai in the south, Guangxi is endowed with rich tourist resources. In developing tourism, equal attention should be given to attracting foreign as well as domestic tourists and to building high-grade as well as medium- and low-grade tourist facilities to meet the demands of various tourists.

When touching on the development of Guangxi's economy, Li Peng noted that, because of historical reasons and others, Guangxi's economy is still relatively backward when compared to other areas. Still, Guangxi has made great strides in economic development, especially since the convening of the Third Plenary Session of the 11th CPC Central Committee. He said Guangxi enjoys an excellent geographical position, has a lengthy coastline, and is rich in natural resources. Military personnel and civilians in Guangxi are united and people of all nationalities there live in harmony. Guangxi's prospects are wonderful. Encouraged by the spirit of the 14th CPC National Congress, people in Guangxi will surely achieve still greater development in the 1990s.

During their stay in Guilin, Li Peng and Liu Huaqing visited the site of the "24 November air crash" and listened to briefings on the crash.

Responsible individuals from relevant departments of the State Council accompanying Li Peng during his inspection tour included Luo Gan, He Chunlin, Gan Ziyu, Zhao Weichen, Zhou Ping, Zheng Hongye, Jiang Zhuping, and Liu Wenjie.

Li Peng, Zou Jiahua Inscribe for Guangxi Festival

OW1012142792 Beijing XINHUA in English 1300
GMT 10 Dec 92

[Text] Nanning, December 10 (XINHUA)—The first China Hepu pearl diving festival has closed in Hepu County in southwestern China's Guangxi Zhuang Autonomous Region.

Premier Li Peng and Vice Premier Zou Jiahua subscribed [as received] for the three-day festival.

A county government official said that investment opportunities in the pearl industry and the preferential policies available were discussed along with trade prospects during the festival.

The county ran visits to the pearl production base and to the pearl diving grounds.

More than 600 merchants and businessmen from the United States, France, Singapore, Japan, Thailand, Vietnam, Hong Kong and Taiwan as well as the other parts of the country participated. More than 30 businessmen signed 46 investment agreements totaling 120 million U.S. dollars.

Hepu County has been producing pearls for more than 2,000 years. Since the county was opened to the outside world in 1988, pearl cultivation has developed.

The county government and party committee has decided that Hepu pearl festival between December 8 to 10 will be an annual event to help revitalize the economy of Hepu County.

Hu Jintao Meets Delegates to Meeting on Elderly

OW1112124392 Beijing XINHUA Domestic Service in Chinese 0612 GMT 5 Dec 92

[By reporter Zou Aiguo (6760 1947 0948)]

[Excerpts] Beijing, 5 Dec (XINHUA)—Finding suitable work for the retired under the general theme of reform and opening up—this is the keynote of a national meeting held this morning at the Great Hall of the People to commend the "meritorious service of leaders who attach importance to work concerning the elderly," and "collectives which have distinguished themselves for their innovative work with regard to the elderly."

Commended at today's meeting were some 200 delegates of the "twin awards" from the nation's 30 provinces,

autonomous regions, municipalities, and from 67 ministries and commissions of the central and state organs.

Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and member of the Secretariat, met delegates to the commendation meeting. State Councillor Chen Junsheng spoke at the meeting. Attending the meeting were: Wang Ping, Wang Shoudao, Chen Xilian, Chen Muhua, Lei Jieqiong, Gu Mu, Wang Guangying, and Cheng Siyuan. [passage omitted]

Bo Yibo, honorary chairman of the "Twin Awards" Appraisal Guidance Committee sent a congratulatory letter. Wang Guangying, vice chairman of the Chinese People's Political Consultative Conference and chairman of the guidance committee, spoke at the meeting. They affirmed the achievements scored over the past 10 years with regard to work related to the aged as a result of the attention paid by the party and government leaders at various levels. They also encouraged veteran comrades to carry forward the glorious tradition; continue to do some appropriate work; and make due contributions to reform, opening up, and economic construction. They also earnestly urged the "twin awards" delegates to cherish their honors, continue to exert themselves, and make new contributions to the development of work related to the elderly and the building of socialism with Chinese characteristics.

Ding Guangen at Democratic Party Congress Opening

OW1112103892 Beijing XINHUA in English 1008
GMT 11 Dec 92

[Text] Beijing, December 11 (XINHUA)—The Seventh National Congress of the China Association for Promoting Democracy (CAPD) opened here today.

Lei Jieqiong, executive chairman of the Presidium of the congress, presided at the opening ceremony and Zhao Puchu delivered an opening address.

Zhao said that the congress will carry on the basic line set by the 14th National Congress of the Communist Party of China (CPC) and sum up the work done since the sixth national congress was held.

Ding Guangen, member of the Political Bureau of the CPC Central Committee, attended the congress, and he delivered a congratulation speech on behalf of the CPC Central Committee.

He said that the CAPD is a close comrade-in-arms of the CPC and over the past 47 years, it has made great contributions to Chinese revolution and construction.

He noted that with the progress of the multi-party cooperation and political consultation system led by the CPC, the CAPD is enhancing its cooperation with the CPC and it is playing an important role in the political life.

Lu Jiayi, chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party, conveyed his congratulations at the opening of the congress on behalf of China's democratic parties and the All-China Federation of Industry and Commerce.

In her report to the congress, Lei Jieqiong said that the CAPD will enhance the links with compatriots in Taiwan, Hong Kong and Macao and Overseas Chinese for promoting scientific, technological and cultural exchanges.

She said that the CAPD will actively take part in government work and social work at various levels.

Zhu Rongji Congratulates New Shanghai Factory

OW1112122392 Shanghai People's Radio Network in Mandarin 2300 GMT 8 Dec 92

[By station correspondent Ma Taihui; from the "Morning News" program]

[Text] The foundation stone laying ceremony for a new Pudong factory of the Shanghai Bell Telephone Equipment Manufacturing Company was held at No. 12 Lot in the (Jinqiao) export processing zone yesterday [8 December].

Zhu Rongji, vice premier of the State Council, sent a congratulatory message on the Shanghai Bell Company's entry into Pudong. Wu Bangguo, secretary of the Shanghai Municipal CPC Committee and head of the Municipal Leading Group for Developing the Telecommunications Industry; Yang Taifang, minister of posts and telecommunications; Vice Mayor Liu Zhenyuan; Ambassador de Valck of the Kingdom of Belgium to China; (Suward), president and chairman of the board of directors of the (Alcatel) Group; and (Wuson), president of the Belgian (Alcatel) Bell Company were present at the ceremony. The Shanghai Bell Company has (obtained) the right to use a piece of land around 160,000 square meters for 50 years in Pudong's (Jinqiao), with an investment of \$150,000,000, [words indistinct]. The preliminary preparatory work and formalities for the expansion and construction of the new Pudong factory, which has a designed annual capacity of 2,100,000 lines, have been completed. The factory will be completed and put into production in 1994.

Tian Jiyun Attends Joint Venture Signing Ceremony

SK1112051392 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 11 Dec 92

[Text] The agreement on building the Green Food (Jinyuan) Cereal International Corporation with the joint investments of Dawa Cereal Group Corporation under the Liaoning Land Reclamation Bureau, China Green Food Corporation under the Ministry of Agriculture, (Tiancheng) Group Corporation of China, (Jinyuan) (Liyue) International Corporation in Hong

Kong, and Global Trade Corporation in Thailand, was signed at the Great Hall of the People in Beijing a few days ago. Attending the signing ceremony were Tian Jiyun, vice premier of the State Council; Xiao Zuofu, vice governor of Liaoning Province; Wang Xiangmin, secretary of the Panjin city party committee; and (Xu Zhiqiang), acting mayor of Dawa County.

With a total investment of \$7 million, the Green Food (Jinyuan) Cereal International Corporation comprises a total area of 80,000 square meters in Dawa County, the key paddy rice production area in Liaoning. The corporation plans to complete the building of a polished white rice processing plant with an annual production capacity of 300,000 tons in three stages. The completion of this plant will give full play to the warehouse storage and processing role and superiority of 16 grain depots in Dawa County, thus opening a vast realm for peasants to sell their grain.

Song Ping Speaks at Family Planning Forum

OW1112130792 Beijing XINHUA Domestic Service in Chinese 1437 GMT 3 Dec 92

[By Central People's Broadcasting Station reporter Xu Hualin (1776 5478 2651) and XINHUA reporter Yu Changhong (0060 7022 3163)]

[Text] Beijing, 3 Dec (XINHUA)—A national forum of chairmen of provincial family planning associations was held at the Science Hall in Beijing today. Song Ping, chairman of the China Family Planning Association, joined chairmen of the provincial associations in discussing at the forum ways and means for implementing the guidelines of the 14th CPC National Congress in family planning and opening a new prospect for the work of family planning associations.

This year is the peak of China's third population boom. Even though we have scored some success in slightly reducing the birthrate over that of the corresponding period last year, our nation will still face a problem of a huge number of people reaching child-bearing age. The grim population situation poses a challenge to the family planning work.

Song Ping said: Population is a social as well as economic issue; it is also a major issue concerning the overall economic and social development. We should establish an overall view on population, combining solution to the population issue with economic development, assistance to the poor and development of poor areas, utilization of resources, environmental protection, popularization of education, and improvement of medical care, and dealing with these problems in a comprehensive manner. We should also formulate corresponding policies and measures for blazing a new path to solve the population issue.

Song Ping pointed out: Family planning is an undertaking for all people. Only when we fully mobilize the

masses of people to conduct self-education, self-management, and self-service can family planning be a conscious action of the masses. Practice has proved that the family planning association is a very effective organizational form for helping the party and the governments mobilize the masses of people to take part in family planning work. It is also an important force promoting the cause of family planning. As family planning associations shoulder the tough responsibility of conducting ideological work among women of child-bearing age, they should constantly demonstrate its special features as a mass organization, obtaining the trust and support of the masses through its activities to become the bosom friend of all women of child-bearing age. Family planning cannot be accomplished by a handful of people alone. Once the majority of people get involved, things can be done easily.

Song Ping emphasized: The 14th party congress report has defined the continuous improvement of the people's living standards through strict control of population growth and strengthening of environmental protection as one of the 10 major tasks to accelerate the reform and opening up and to promote economic development and all-around social progress. We must conscientiously attend to "both productions" [economic production and population production], steadfastly improving our economy while resolutely lowering the birthrate.

Peng Peiyun, minister of the State Family Planning Commission, and other officials attended today's forum.

CPC Enforces Work in Foreign-Funded Enterprise

OW1012140092 Beijing XINHUA in English 1349 GMT 10 Dec 92

[Text] Beijing, December 10 (XINHUA)—The organization department of China's Communist Party Central Committee requires the enforcement of the party's work in foreign-funded enterprises.

The department has distributed a notice about the experiences of the organization department of the Shenzhen municipal party committee in enforcing the party's work in foreign-funded enterprises.

According to the notice, the aim is to stick to the right way of opening to outside world, and to ensure the implementation of the country's laws and regulations in enterprises.

Party committees at different levels should enforce their leading role in the party's work in foreign-funded enterprises, says the notice, and should adopt different ways to meet the needs of different characteristics of the enterprises.

Other objectives are to put emphasis on the party's buildup in foreign-funded enterprises, to gradually admit new people into the party, and to ensure foreign-funded enterprises develop along the correct direction.

Science & Technology

Article Views Launching of Australian Satellite

Part One

OW0911122592 Beijing BEIJING REVIEW in English No 42, 19-25 Oct 92 pp 14-18

[Part one of two-part article by Xu Jianguo: "The Launching of Aussat"]

[Text] It's 7 am, August 14, 1992.

The setting is the Xichang Launch Centre, in southwest China's Sichuan Province. When the ignition command is given, the silver Long March 2-E carrier rocket lifts off into the rays of the morning sun, accompanied by a mighty roar and a burst of orange flame.

A Successful Launch

In the control room six km away from the launch pad, viewers burst into applause. But the commanders remain quiet and still. Because of the failure of the March 22 attempt to launch Aussat, they can't lower their guard or relax even the slightest bit before the satellite is released to its predetermined orbit. They stare at the pictures and data flickering across the big monitors while listening to navigation reports.

"Separating booster rocket."

"Separating the first and second-stage rockets."

"Separating cowlings."

"Adjusting rocket altitude."

The flight path of the rocket being plotted across the monitoring screen is almost completely identical with the calculated path.

At 7:11 am, an inspiring message comes in from the Yuanwang telemeter control vessel, "The satellite has disengaged from the rocket and is now following precisely the predetermined orbit."

When they hear this, all the commanders stand up, visibly relieved, which lets the viewers in the control room, and the people glued to their television sets, know that the launch has been successful.

The people in the control room burst into thunderous applause and laughter, cheering and hugging. Everybody knows their success has been hard-won.

At 7:25 am, 14 minutes after the satellite separated from the rocket, data concerning the orbit of the satellite are received, showing the perigee of the satellite to be 102.3 km and the apogee 1,049.4 km, the angle of tilt to be 27.99 degrees and that the unit is turning at a speed of 7.4 revolutions per minute. All the parameters are from several to several dozen times closer to the ideal than

contract specifications necessitated. Figures for the angle of pitch and theoretical value are almost identical with those calculated.

Mr R. Stein Hauer, a stern, chief-scientist with the Hughes Aircraft Corp. of the United States, nods with satisfaction. He says the placement of the orbiting satellite shows a high degree of precision. Although he had no time to compare it with Asiasat, it was clear that Aussat had certainly fared no worse.

On April 7, 1990, China launched the Asiasat-1, its first successful effort at putting a communications satellite into orbit for an overseas client. The precision of its placement surpassed the efforts of every satellite launched by Hughes Aircraft itself. China had performed a miracle.

Today via the cameras of the China Central Television Station, chairman of the Xichang Launch Centre Hu Shixiang announced to the world, "China has successfully launched the Aussat."

Mr C.R. Johnson, vice-president of Hughes Aircraft, said excitedly, "Excellent! Excellent!"

When the first launch of the Aussat was aborted several months ago, Mr Johnson tearfully told the Chinese workers that he was deeply grateful to his Chinese colleagues who had put all their efforts into the launching of the satellite. He said he understood their feelings then. The space industry itself involves many risks. Nobody can avoid occasional failure. He said he still had confidence in the Long March rockets and looked forward to being successful next time. He promised to return to the launch centre again. He fulfilled his promise and watched the successful launch in person that day.

At the end of last April, the Chinese Aussat launch team went to Los Angeles to discuss the second launch attempt with Hughes Aircraft. At that time, the city was being rocked by riot and fights. Guns were everywhere and traffic was very congested. The workers of the US company were asked not to leave their homes. At the meeting, Mr Johnson reiterated his confidence that the second attempt would prove successful. He was certain he could use his congratulatory speech next time.

Today, with this written speech in his hands, he says that this launch is one of the most important in the history of his corporation. Five years ago Hughes began developing its HS-601 satellites. At present 24 satellites in this series are being manufactured. The Aussat was the first of this series of new satellites, so its launching is of great significance. Johnson says he would like to express his warm congratulations to the Chinese launch team, which is highly skilled and has a good reputation of close cooperation with world space experts.

The control room is a sea of laughter.

Following Johnson, Dr Park, chief representative of the Aussat Pty Ltd. of Australia, says with a little nervousness that the events of that morning were of great importance. They were the result of the joint efforts of technicians from China, the United States and Australia. He also expressed his heartfelt gratitude to those who have made great contributions or devoted their lives to the successful launch, as well as their husbands, wives and children.

His words receive prolonged applause. This kind of reaction and understanding greatly impresses those who have personally gone through the whole process of the launching of Aussat.

Co-operation

On November 1, 1988, the China Great Wall Industrial Corp. and the Hughes Aircraft Co. of the United States met in Los Angeles to sign a contract to launch two Australian communications satellites using the Long March 2-E cluster high-capacity carrier rocket. While toasting each other at a reception held by the US side, Stuart, director of Hughes Aircraft's Purchasing Department, seemed a little worried. "Mr Wu, I know the contract has already been signed, but what will you use as the carrier rocket and launch pad?" he asked Wu Keli, vice-president of the China Great Wall Industrial Corp. Wu, tall and sturdy, raised his glass to Stuart, "You'll see the results in 18 months."

That same month, the Ministry of Aeronautics and Astronautics Industry held broad discussions concerning the design of the Long March 2-E carrier rocket in a small hotel in Daxing County, Beijing.

At the same time, ground was broken at the site of the Xichang Launch Centre, from which the Long March 2-E would lift off.

In April 1989, Shangguan Shipan, director of the China Satellite Launch Monitoring Systems Department, accompanied Puckett, former board chairman of Hughes Aircraft and his retinue, during their inspection of the launch pad construction site. Under a steady drizzle, several hundred soldiers and farmers, covered in mud, were digging a 20-metre-deep drainage ditch. Shangguan asked Puckett how he felt. Puckett, a veteran soldier who had conducted research on the V-2 missile at the Whitesands Missile Range in the United States since 1946 and an astronautics authority, said, "It's hard to say." Pointing to the labourers, he added, "Your construction methods are completely different from ours. Even in the United States, such a huge project would take at least three years. But..." he smiled, "Our experts said the Chinese people could work miracles!"

What Puckett said was right. One year later, the miracle was complete. In April 1990, a 98-metre-high mobile service tower, a 71-metre-high umbilical tower and the launch control centre had sprung up among the green gullies of Xichang, keeping the promise Wu Keli had made 18 months ago in Los Angeles.

And within 18 months, the Long March 2-E carrier rocket had been developed and was ready for a trial launch in July 1990.

July is the rainy season in Xichang, which makes launch conditions less than ideal. Despite this, the rocket lifted off into the sky at 9:40 Beijing summer time on July 16, accurately placing a Pakistan satellite into orbit.

From the signing of the contract to the end of 1991, China and the United States held nine rounds of talks concerning technical coordination, solving 560 problems. Under the contract, the first Aussat was to be launched in March 1992. The carrier rocket was moved to Xichang on January 18, and an advance party from Hughes Aircraft arrived on January 22.

All Is Ready

The next day, members of the advance party began inspecting 156 items across a broad range of facilities—from the satellite testing workshop and the launch tower to the hotel swimming pool. They would inform the US side to send over the satellite after confirming each item met their standards. The representative of the Chinese side in charge of the inspection was Tang Xianming, director of the Planning Department.

Tang is short and usually wears a peaked cap and soldier's overcoat, which has earned him the nickname "the shepherd." This "shepherd" was shouldering heavy responsibilities. The American satellite is very fragile, and must meet strict requirements for temperature, humidity, cleanliness, water and electricity supplies and the way it is grounded. So Tang, with flashlight and pager in hand, inspected the construction site day and night. When he was too sleepy he would simply doze off in the engine room, using his overcoat as a blanket. Once, someone on duty failed to see him lying there sound asleep and stepped on his belly. Tang was so scared that it took him some time to figure out what had happened. Lou Mack, head of Hughes' work unit, commented that "when something needs to be done, Tang can do the work of three persons."

After three days of on-site examinations, the Americans expressed their basic satisfaction. The larger problems were solved, but some minor ones still remained. Their general comments were interesting. They said the Chinese could handle the most difficult tasks easier than the less difficult ones. The US side required that the floor material in the satellite liquid injection plant be resistant to wear, pressure, erosion and static electricity, rather difficult requirements to meet. The launch centre deployed its forces and worked overtime both day and night to get everything ship-shape before the Americans came, but they did not put together a telephone directory, install garbage cans, change light bulbs or provide English labels for domestically made control equipment. And the swimming pool was always shut. These things disappointed the Americans, and they complained a lot about such trifles at the inspection meeting.

Under the contract's terms, the special plane carrying the satellite would leave Los Angeles January 28 and arrive at Shanghai's Hongqiao Airport at 4:00 am, January 29. After formalities were taken care of, it would take off at 6:00 and arrive at Xichang at 8:00.

On January 27, the group meeting the satellite called from Shanghai to report that it would be foggy there for several days, and suggested the plane enter the country at Guangzhou to better guarantee its safety. At 5:00 pm on the 28th, they notified Xichang that the US side had agreed to land in Guangzhou and would arrive at Xichang at 11:10 am on the 29th. There would be no changes to Xichang's schedule. The transport team would set off at 6:30 pm on the 28th. By 8:30 am the next day, all trucks were gathered at the Xichang Airport.

It was clear on January 29 in Xichang. Although it was winter, it was not cold. At 11:00 sharp, a Boeing 747-200F large air freighter landed smoothly at the Xichang Airport to the cheers of team members. According to the plan, it would take four hours to unload the plane which would leave Xichang on the same day.

However, there was a hitch in the unloading. The satellite containers were so large they would not fit through the cabin gate. The members of the US side, which the agreement stipulated were responsible for this part of the transport, had all stripped to their T-shirts and were soaked with sweat. It took them nearly four hours (11:50 am-3:45 pm) just to take the components out of their containers. They asked the Chinese side for help, and by 9:00 pm everything was unloaded.

The more than 30 trucks in the transport team were divided into two groups. A slow-speed team would carry the satellite and solid rocket engine, which must not be vibrated, at speeds of no more than 15 km/h. Ordinary equipment was carried by the fast-speed team, limited to 30 km/h. Guards and local residents had been waiting eight hours for the retinue to pass.

The satellite had to be transported very carefully, so the drivers had received strict training. The trucks had to be driven so steadily that a stack of five soft drink cans would not move at all during the entire procession. It took five hours for the slow-speed team to cover the 50 km and reach the launch area.

Part Two

OW0911141892 Beijing BEIJING REVIEW in English
No 44, 2-8 Nov 92 pp 17-21

[Part two of two-part article by Xu Jianguo: "The Launching of Aussat"]

[Text] On February 15, work to check the rocket and satellite was going on without a hitch. At one o'clock in the afternoon came a call from Pete Herron, manager of the Aussie Comsat Project, asking for an urgent appointment with Chinese representatives Li Booming and Hu

Shixiang, as well as Chen Shouchun, deputy general manager of the Great Wall Co.

At 13:30, Pete Herron and Rich Livingston entered the meeting room, along with A. Coates, representative of the US government, and Gordon Pike, representative of the Australian Communications Corp. Looking grave they frankly informed the Chinese side that since the Hughes ground-control system required further perfection, top policy-makers of Hughes, after careful consideration, demanded the date of launching the satellite be postponed till March 22 from the scheduled March 8. The American side deeply apologized for the delay and requested the Agreement of the Chinese side.

Li Baoming pondered for a while, saying: "We understand your request. Launching a satellite is a huge and complex systematic project. It is hard to avoid various problems. We will rearrange our launching plan according to the change. Of course, the alteration will leave us many difficulties."

Afterwards, a Chinese interpreter familiar with Americans said to them jokingly, "The contract stipulated that the launching was set for March. We prepared for that schedule. Later, you asked us to put the launching off till April. We did as you wanted. Then, you reverted to wanting to launch the satellite on March 8. We suggested March 15. But you didn't agree. Now, you have demanded a postponement again. Do you think it has been easy for us to rearrange planning?"

At 15:00 on the same day, the Xichang centre sent a fax message to the Beijing Headquarters about the new change.

On February 21, the China Central Television (CCTV) station broadcast the news about the delay of the launching of the Australian satellite.

After the Long March 2-E carrier rocket moved into the centre on January 17, the space workers performed tasks to coordinate the launch pad with the rocket and all checking work in the technical area by February 16. Under the original schedule, they were to start on jobs in the launching area. Due to the delay of the launching date, the rocket had to be stored in a testing room in the technical area, and all leave was canceled for workers, to ensure a successful launch.

On March 1, the Chinese and US technicians accomplished the operation of joining rocket equipment with the integral satellite (a huge cowl containing a top level rocket and satellite itself). They met all demands. On March 7, the space workers moved the carrier rocket from the technology testing area to the launching site, fulfilled the work of hoisting and fixing the rocket, and began a vertical check on the rocket. On March 14, the cowl, together with the rocket and satellite was transferred to the launching site. The launching had entered the last stage. After finishing the manoeuvres on the

comprehensive launching system, the carrier rocket with the top-mounted satellite was placed on the launching pad.

Failure

On the evening of March 22, the sky was slightly overcast over Daliang Mountain. At 18:40, when a thick layer of clouds drifted away, the sky cleared.

Far from Xichang, people of the China Carrier Rocket Technology Research Institute in Nanyuan of Beijing were sitting before TV monitors. In the courtyard, firecrackers, gongs and drums, yangko dancers and slogans were in readiness for reports of success from Xichang.

On the slope of the mountain surrounding the launching centre were crowds of local people.

In the command and control room, leaders of the Chinese, American and Australian sides were sitting in the front row. As soon as the order for ignition was issued, flames spurted from the end of the rocket showing it should be about to take off. However, the rocket only shook slightly, then became absolutely still. Takeoff contact points on the rocket had been put through to enable it to achieve a turn of about 1.5 degrees clockwise, leaving three of the four fulcrums off their original positions. A pall of silence hung over the command room for a while. Suddenly someone shouted: "Emergency shut off!" The audiences sitting in front of TV monitors were all dumbstruck.

The interval from the issuing of an order to actual ignition should take just over three seconds. Under normal conditions, a rocket will take off after four seconds. If something goes wrong, the programme will automatically turn off. Space workers in the Xichang Centre had launched nine satellites, but never encountered such a problem before. If by chance that programme had gone quite out of control, four seconds later the rocket would have turned and self-destructed in an explosion. Consequently, the rocket, Australian satellite and ground facilities would have been instantly destroyed.

Xu Hongliang, the leader in charge of the launching task, pounded the table, giving his prompt decision, "Emergency shut off!"

Chief engineer Tong Lianjie ordered: "Get the rescue team ready immediately and rush to the spot, cut off batteries in the rocket and take out explosion and detonation devices..." A succession of rescue tasks were arranged in only 30 seconds.

At almost the same time, Hu Shixiang, commander of the space centre, ponderously hung up his phone. Hu has worked in the space industry for 27 years. He had taken part in or commanded satellite launchings 24 times. From a launching operator, Hu has become a general and a commander of the space centre. He was encountering an unprecedented, dangerous situation. With no time to

waste in contemplating it, he immediately left the command room for the launching site.

After several minutes, some young operators appeared in the umbilical tower.

Rescuing the Aussat

Although the rocket had already shut off, the remaining fires from six engines were still raging, and leaking fuel smoke was prevailing all over the rocket. An automatic fire-fighting system was available on the launching pad but strong water pressure prevented automatic opening of the motor-driven valve which had to be done manually. Tremendous blasts also kept people from approaching the valve. Having no time to don gas masks, Ding Xianjun, deputy battalion commander of the ground battalion protecting the launching centre, and his squad, hands linked, adamantly pushed through the blast.

Before blast-off, the more than 400-ton rocket stood alone, free from the support of the launching tower, on four fulcrums on the launching pad. Because the rocket was out of kilter, uneven thrusts eventuated. These, added to the effect of the wind and blast, meant the rocket might fall down at any time. To support the rocket against the force of the wind, there was an urgent need to fix four pull rods. The engines continued to spurt out lingering flames. The launching pad was seriously short of oxygen. The six engine notches produced a blast with a strong pull that might draw in people at any time. Confronted with poison gas and high temperatures, rescue workers tried to enter a narrow space to use their bodies, hands and even teeth to cut off all the batteries that could re-detonate the rocket.

The working platform on the tower served as a ladder for the rescue operations. Only when the platform was brought close to the rocket could rescue workers reach it. Under normal conditions, the platform could enclose the rocket, leaving only a 5cm gap between the two but the rocket had deviated 3cm from its original position. In closing up, an error the breadth of a single hair could lead the rocket to move away from the fulcrums. Officials and troops of the ground battalion has mastered working with valves with their eyes blindfolded during intensive training in normal times. On this occasion, operators applied their skills to bring the platform to a perfect position, holding the rocket in its embrace.

At 22:00 on March 22, Americans and Australians in authority gathered in Room 418 of the Xichang Hotel, discussing possible schemes in a tense atmosphere. The Chinese side demanded the Hughes Co. unload the top-mounted satellite as fast as possible. On the other hand, the Hughes Co. held that unloading the satellite then was very unsafe, in the hope that it would not be accomplished until propellants were drained from the rocket. Mr Stein Hauer asked: "If we do not unload the satellite, what danger will occur?"

Over the ham radio came the hoarse shouted reply of Tang Xianming who was in the launching pad: "Only one of four wind-proof foundation bolts is at work, supporting the 400-ton rocket. If we drain away the propellants first, the rocket will become top heavy, so it will fall and be damaged."

After a moment's silence, Stein Hauer replied: "Let us... think it over."

Then came the voice of Tang Xianming again, saying, "If you think danger exists, let us act accordingly. We guarantee safety in unloading the satellite."

Finally, the Hughes Co. agreed to first unload the satellite, then drain the propellants. The Chinese side was responsible for unloading the satellite.

The time was 4:00 on March 23. Between 8:00 to 10:00, the Chinese side safely took down the top-mounted satellite and transported it to the satellite-checking building.

Specks of Dust

On the morning of March 26, space workers dismantled a rocket programme distributor and found that the fourth reed had burnt itself out and the fifth reed was black. The preliminary judgment was that the fifth reed, which should not work when the eight engines on the first stage of the rocket were activated for 4.5 seconds, was put through unexpectedly, causing a short circuit. The programme distributor was sent post-haste to Beijing.

The Trouble-Shooting Centre of the China Carrier Rocket Technology Research Institute immediately set up a special group. The trouble was concluded to be caused by superfluous aluminum-related matter between the fourth and fifth reeds. This led to the increase of contact resistance, ensuing in circuit return between the fourth and fifth reeds, touching off the explosion of the electrical cartridge. As a result, the secondary engine system on the first and third boosters closed off.

Between March 27 and April 9, 26 experiments by the Chinese side verified the conclusion. It took 17 days from the failure of the launching to establish the cause.

On May 4, a meeting to appraise the trouble behind the launching of the Australian satellite B1 was held in Los Angeles. The Hughes Co. expressed satisfaction at the conclusions and explanations made by the Chinese side.

Cooperation quickly resumed.

Epilogue

On March 25, large numbers of Hughes workers were leaving as a result of the failure of the first launching of the Australian satellite. Ted Smith, a 76-year-old expert and high-ranking adviser to the Hughes Co., consoled their dejected Chinese counter parts who came to see them off: "I have worked with rockets all my life and

experienced three major failures. Although you did not succeed this year, my confidence was not shaken. Your system of automatic emergency shut off is very original. Without this system, we would have seen another catastrophe like that of the 'Challenger' space shuttle. Now, the satellite and launching pad are completely undamaged and no person has been injured or killed. Isn't that extremely fortunate? [no end quotation as published] Standing by him was Stein Hauer, who added: "It should be said that this is a paradigm failure. And a famous Chinese saying goes: A hero is not judged by a moment's success or failure."

Naturally the Chinese felt bitter guilt due to the failure to launch the satellite.

Over the more than 100 days from March 22 to August 14, day and night the Chinese workers struggled painfully and finally successfully launched the satellite. As the news spread, the deafening noise of firecrackers resounded in the sky over a radius of several score square km around the Xichang Space Centre. The space workers who had not closed their eyes for several days cheered heartily over the victory, feeling no trace of fatigue.

Premier Li Peng personally called, expressing his congratulations. Shen Chunlian, the top official representing the China Satellite-Launching Monitoring System Department at the Xichang launching site, trod on the thick layers of scraps left from exploded firecrackers in front of the command and control room. Then he turned to Li Baoming beside him, saying: "Tell our comrades that this victory must not make us swollen-headed. We still have many deficiencies and there is a long way ahead of us!"

Mobile Satellite Communications Network Set Up

HK0912095892 Beijing XINHUA Hong Kong Service in Chinese 1136 GMT 25 Nov 92

[By correspondents Zhang Chengzhi (1728 2110 1807) and Qi Liang (0796 5328)]

[Text] Beijing, 25 Nov (XINHUA)—According to the Ministry of Communications [MC], since Beijing's maritime satellite earth station was put to use last June, over 350 mobile satellite communications terminals have been built.

We were told that since Beijing's maritime satellite earth station opened, it has offered all-climate, high-quality communications services to China's oceangoing fleets sailing around the world. It has also been used in rescue and salvage operations at home, contingency communications, and communications for border and remote areas. According to the MC's plans, China's new ships and oceangoing ships that have been recently built will be installed with mobile satellite communications terminals in separate phases. By 1995, oceangoing ships will have been installed with some 600 mobile terminals. In addition, Air China will install mobile satellite communications terminals on its Boeing 747 passenger planes.

In this way, mobile satellite communications will be, for the first time, used on international routes.

Mobile satellite communications is the most advanced means of communications today. Wherever he is, the user can have worldwide communications over telephone, facsimile, telex, and data transfer through his portable mobile terminal, and through four synchro communications satellites, earth stations, and communications networks around the world. In order to meet the need of distant communications, the MC will, on the basis of the built and opened Standard Station A at Beijing's maritime satellite earth station, debug and open Standard Station C in 1993, and will finish the construction of the advanced B/M earth station by 1995.

Scientists Develop Satellite Navigator

OW0912125692 Beijing XINHUA in English 0834 GMT 9 Dec 92

[Text] Beijing, December 9 (XINHUA)—Chinese space scientists have developed a satellite navigator, which will enable a Chinese scientific vessel to trace the orbit of "Aussat B-II," an Australian communications satellite, to be launched later this month.

The ship, the "Yuanwang", is now in the East China Sea. It has successfully tested the newly-developed satellite navigator, Chinese researchers said on Tuesday, "and the average error was only about 16 m."

"The VT 9000" global positioning satellite navigator, developed by the Chinese Carrier Rocket Technology Institute, is able to determine the position, course and distance traveled of a moving space vehicle, aircraft, ship, car and other moving object by receiving information beamed from the 19 global positioning satellites of the United States.

Researchers said that the navigator, which is only the size of a book and weighs 800 g, is ideal for use in scientific expeditions and agricultural production.

Nuclear Reactor Research Results Pass Appraisal

HK0912133492 Beijing ZHONGGUO XINWEN SHE in Chinese 1400 GMT 29 Nov 92

[By correspondent Yuan Zhenjiang (5913 2182 3068)]

[Text] Jinan, 29 Nov (ZHONGGUO XINWEN SHE)—A key project in the Seventh Five-Year Plan—the establishment of a micronuclear reactor and research on the application of the neutron activation analytical technique in a micronuclear reactor—which was undertaken by the Shandong Provincial Central Laboratory under the Ministry of Geology and Mineral Resources—passed appraisal a few days ago.

The project covers the two aspects of establishing a micronuclear reactor and conducting research on the analysis and application of neutron activation in a reactor. The micronuclear reactor, using uranium 235 as

fuel, was completed and put into trial production in May 1989. Up to now, the reactor has operated for 181 days in aggregate in a normal condition.

The establishment of the microreactor, and the dissemination of the analytical technique on neutron activation, will enable the nuclear technology to be applied in various domains of economic construction and social development in Shandong and, particularly in the geological field, a new technical means has been provided for mine searching.

Government Sets 230 Environmental Standards

HK0912021692 Beijing CHINA DAILY in English 9 Dec 92 p 3

[Report by staff correspondent Wang Yonghong: "Pollution Control Standards in Action"]

[Text] In another bid to improve environmental protection, the Chinese Government has set more than 230 environmental standards to be observed nationwide, officials from the National Environmental Protection Agency (NEPA) said.

The State issued these new standards to reinforce the 50 regional environmental standards already in place.

So far, nearly all major pollution sources in the country have been required to observe specific standards, officials said.

In July, China published standards for the discharge of pollutants from iron and steel plants, printing and dyeing mills, spinning and weaving factories, meat processing mills, boiler plants, and papermaking mills.

Good Results

These standards have achieved good results, and China plans to go on drawing up such regulations to enforce environmental protection, the officials said. Six more standards are expected to be set next year.

China last year collected fines totalling 2 billion yuan (\$344 million) from plants that discharged pollutants, he said.

Such fines are expected to reach 2.2 billion yuan (\$379 million), involving 210,000 enterprises nationwide by the end of this year, the official said.

The charge has forced the polluters to strengthen their management of environmental pollution and to keep the discharge of pollutants at a low level.

The money from fines goes into a special fund for environmental protection projects, the officials said.

Thanks to the priority and favourable policies the Chinese Government gave to the development of environmental protection, this new industry has seen rapid progress in recent years.

More than 2,000 enterprises are producing about 240 different environmental products.

Guidebook

In order to continue the smooth development of the environmental industry, the NEPA has mapped out a guidebook for the development of environmental products, with a detailed introduction of each kind and its market demand at home and abroad.

According to the guidebook, 149 products have been listed as top environmental products, including products for the treatment of air pollution, water pollution, solid wastes, noise, and environmental monitoring.

Meanwhile, obsolete industrial products that are harmful to the environment will be banned from production.

China has so far stopped production on 271 products in 14 categories harmful to the ecology. These represent 45 percent of total outdated industrial products.

According to NEPA's plan, about another 100 machines and electronic products with high power consumption and heavy pollution will be banned from production between now and the century's end.

And to further its management of environmental protection, the NEPA has planned to set up 15 stations nationwide for monitoring the quality of products for environmental protection.

'Waste-to-Energy' Power Plant Plans Announced

HK0412043092 Beijing CHINA DAILY in English 4 Dec 92 p 3

[Report by staff correspondent: "Plant To Turn Waste to Power"]

[Text] A \$75-million "waste-to-energy" power plant, the first of its kind for China, is expected to be built in Ningbo City, in East China's Zhejiang Province, sources with the Ministry of Water Resources said.

The power station, with a designed generating capacity of 30 to 60 megawatts, will make the best use of local garbage as material and will contribute greatly to the coastal province's economic growth in the years ahead, the sources said.

"Technology related to both sources of new energy and environmental problems is a matter of utmost concern in many countries today," the sources said, adding that the conversion of waste into energy is regarded as one of the developed countries' most advanced techniques.

This decision, the sources said, shows that "China has started taking practical action toward seeking new sources of energy through gradual introduction of advanced garbage-treatment technology in the near

future. Some industrialized nations have already realized considerable economic benefits using their increasing amounts of garbage in this way."

Negotiations and specific studies on the technological feasibility and economic and environmental benefits of the new type of power generating station have been going on since 1991 under a joint inquiry by foreign and Chinese experts.

A memorandum of agreement has been reached between the Rural Areas' Electrification Research Centre (RAERC) under the Ministry of Water Resources and two overseas companies—one from Italy and the other from Hong Kong.

Based on the site survey conducted by experts in the past year, the power station with related docks and other transportation and water supply facilities will be constructed at Hutoudao Island near Ningbo City.

As a total of \$75 million worth of overseas investment is to be poured into the proposed power station in the next few years, preliminary design and further feasibility studies by the RAERC's experts are also underway.

Military

Li Xilin Appointed Guangzhou Military Commander

OW1112144892 Beijing XINHUA Domestic Service in Chinese 1212 GMT 11 Dec 92

[By correspondent Zheng Guolian (6774 0948 5114)]

[Text] Guangzhou, 11 Dec (XINHUA)—The Guangzhou Military Region recently issued an order conferring the honor title of "Model Young Officer" on Liu Jianguo, commander of a carrier-signal equipment communications platoon who is selflessly devoted to national defense modernization despite being disabled. The order was co-signed by Li Xilin, the newly-appointed commander of the Guangzhou Military Region; and by Shi Yuxiao, newly appointed political commissar of the military region.

Liu Jianguo entered the Guangzhou Signal Corps Institute of the People's Liberation Army in 1985. Since graduation, he has been assigned to a grass-roots army unit. Leading the members of the platoon in improving their communications skills, he has accomplished a number of technical innovation projects. He also has been commended seven times and has received such honors as being named "outstanding communist," "outstanding young cadre," "advanced individual in learning from Lei Feng," and "advanced pace-setter in grass-roots construction." In July last year, his right leg was completely amputated because of a malignant fibroid. After checking out of the hospital, he refused special convalescent care and immediately returned to his platoon commander's post. His work remains excellent.

Chen Xitong Thanks Army for Beijing River Aid

OW1112010292 Beijing XINHUA Domestic Service in Chinese 1051 GMT 10 Dec 92

[By correspondents Cao Zhi (2580 2535) and Li Feng (2621 3536)]

[Text] Beijing, 10 Dec (XINHUA)—Braving cold winds, more than 20 generals—including Central Military Commission members Zhang Wannian, Yu Yongbo, and Fu Quanyou—today joined 1,500 People's Liberation Army [PLA] officers and soldiers, militiamen, and reserve force personnel to perform voluntary labor service in Beijing Municipality's Yongding He Project.

The project involves dredging the river's eastern section, strengthening its western embankment, constructing a road on top of the embankment and a river park, and developing the 3,000-mu beach land in the river's western section into western Beijing's new economic development zone.

Beijing Mayor Chen Xitong thanked PLA troops stationed in Beijing for their hard work in help Beijing Municipality's economic construction. He said: With the help of the people's soldiers, Yongding He will truly become a permanently peaceful river.

Others taking part in today's voluntary labor were Xiong Guangkai [3574 0342 2818], assistant to the general chief of staff; Du Tiehuan [2629 6993 3883], assistant to director of the General Political Department; and Zhou Keyu, political commissar of the General Logistics Department; as well as leading comrades of the Beijing Military Region; the Navy; the Air Force; the Second Artillery Corporations; the State Commission of Science, Technology and Industry for National Defense; the Academy of Military Sciences; the PLA National Defense University; the General Office of the Central Military Commission; and the Headquarters of Chinese People's Armed Police Force.

Navy Sells Scientific Data to Civilian Sector

OW1112120492 Beijing XINHUA Domestic Service in Chinese 0217 GMT 8 Dec 92

[By correspondents Huang Caihong (7806 1752 5725) and Chen Wanjuan (7115 8001 6511)]

[Text] Beijing, 8 Dec (XINHUA)—Staffed with some 50 veteran equipment experts and scientists, the Navy's first center for popularizing and applying scientific and technological achievements was inaugurated recently.

In recent years, more than 70 percent, or approximately 200, of the scientific and technological achievements made by the Navy have been neither popularized nor put to practical use. To overcome such a waste the Navy's equipment development department has set up the center with the help of a number of veteran experts. The center will serve as a "matchmaker" between the Navy's scientific and technological achievements and interested

users. It will provide scientific and technological advice and technology development service, urge the departments concerned to set up files on scientific and technological achievements, and create social and economic benefits by marketing the military science and technology achievements which are useful to the civilian sector.

Hunan Commander Urges Militia To Aid Economy

HK1012072692 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 4 Dec 92

[Text] Major General Pang Weiqiang, standing committee member of the provincial party committee and commander of the provincial military district, recently inspected militia and reserve work in Chenzhou and Lingling, and pointed out that people's armed forces departments of various levels must vigorously develop production to feed the armed forces, and organize militia to participate in and protect economic construction.

Commander Pang Weiqiang inspected the militia work in 11 cities and counties. Whenever he went, he would carefully inquire into the situation of organization of militia to participate in and protect economic construction, and visit the economic entities which were run by the three levels of county, township, and village and which were to sustain the armed forces by production.

Xiangyue Cement Plant, run by Chenzhou City People's Armed Forces Department, began production last year, and this year, it has realized some 2 million yuan in profits and taxes; it enabled the armed forces department to withdraw 610,000 yuan in profits to train militiamen and renew weapons, so as to reduce financial burden.

Commander Pang Weiqiang spoke highly of this and pointed out that when organizing militia to make contributions to economic construction, we must make efforts to upgrade military, social, and economic returns.

Economic & Agricultural

Article Discusses Reliability of Planning, Market

HK1012002892 Beijing RENMIN RIBAO in Chinese 23 Nov 92 p 2

["Talks on Changing One's Way of Thinking" column by Wen Niu (2429 3662): "Is Planning Alone the Most Reliable?"; first four paragraphs are RENMIN RIBAO editor's note]

[Text] Beginning from today, this page will open the special column of "Talks on Changing One's Way of Thinking."

By "changing one's way," we mean changing one's concepts. In a certain sense, concepts are the "main

switch" of one's thinking. When studying and implementing the documents of the 14th CPC National Congress, it is very important that we grip the point of changing our concepts. Only after changing our concepts can we "digest" in our hearts Comrade Deng Xiaoping's theory regarding socialism with Chinese characteristics, and can we uphold the party's basic line more on our own initiative. Only after changing our concepts can we adapt our thinking and actions more to the needs of the developing socialist market economy.

A concept is formed in the course of social practice, and is an objective thing seen subjectively. Once it is formed, it is relatively independent with the result that when the objective reality has changed, this old concept does not seem to have disappeared immediately. It even probably hinders people from understanding new things under a new situation, and hinders smooth practice under the new situation. Of course, this does not mean that all "old concepts" are outdated, or that all haphazardly-formed "new concepts" are correct. The most basic criterion is still practice.

In order to facilitate discussion of this question, all articles carried in this column are "individual opinions." Due to the limited space, most of these articles are comparatively short. Therefore, it is impossible to make a thorough discussion of some questions. We think, nonetheless, that they are recommendable if one or two points of them are edifying.

For a long time, people have had a very deep-rooted concept, thinking that planning is the most reliable, and that as long as the national economy operates according to plans, it is possible for it to grow speedily and avoid the side effects from the blindness of market competition.

However, in practice, this theory is far from achieving its promised effect. At the early stage of socialist industrialization, it is true that we can rely on planning to better concentrate limited financial and material resources, and thus "contribute greatly" to the socialist foundation. But, as the economy develops further, there are questions that become increasingly conspicuous. We see can that:

In the past, whenever a certain product was important, we placed it under unified planning, which was supposed to be the "most reliable." It followed that the more state control was placed on it, the more rigid the control became, and the scarcer the product became; the scarcer a product became, the more rigid the control became. This was a vicious cycle.

Since large and medium-sized enterprises were the most important, we placed them under planning, which was the "most reliable." They were fettered and lacked vitality and competitive power. As they got worse, they were managed more strictly. As a result, the more strictly they were managed, the less vitality they had, and the less vitality they had, the more strictly they were managed. Another vicious cycle.

We thought that the more thorough a plan was, the more "reliable" it was, and the larger an organization was, or the more the number of administrative levels there were, the more thorough the plan could be. When the number of government departments got larger and larger, enterprises could have less and less decisionmaking power. This was yet another vicious cycle.

In view of this, the reliability of planning was seriously doubted.

Now, when the policy of reform and opening up is pursued, the market, which has long been "discredited," is placed on trial. At the beginning of the experiment, when we were not bold enough, we subjected some non-essential products to the market. We placed fish on the market. As the market was opened and price controls were lifted, there was a short period of fluctuation, followed by increasing output and the stability of prices. As a result, people in urban and rural areas were all very happy. Similar situations happened when we subjected fruits and clothing to the market. In view of this, people are getting bolder and bolder. According to the latest news carried in papers, some provinces are preparing to "make daring changes." They want to lift controls from the grain and food market, and from grain and food prices. Upon learning this, people in the country are naturally happy, while city dwellers do not panic as they have fretted before.

People have now discovered and confirmed the fundamental role of the market.

Planning can be compared to a cadre who showed himself to be a very good person, and who was considered reliable, but who turned out to be unable to achieve people's expectations, while the market can be compared to another cadre who was discredited, and to whom no attention was paid, but who achieved what had not been expected of him.

In this way, a great change of concept is taking place in real life.

So why is planning "disappointing?"

Planning is, of course, reliable as far as its theoretical guidance is concerned. The point is that it loses much of its practical significance when we change it from theory to reality.

When we state that planning is reliable, the premise of this statement is that planning is absolutely correct. However, the correctness of planning is always affected by the degree of people's understanding and by guiding ideas. With hasty and radical ideas, one may come up with a hasty and radical plan. This is one of the weaknesses of planning.

Now that economic life is unusually complicated, how can planning be all-inclusive, or how can it reflect economic life as it really is without missing any point? This is another weakness.

Economic life is always changing. With the passage of time, even a correct plan will change to be inaccurate and incorrect. The former Soviet Union once set up powerful planning organs and equipped them with computer networks. And their scientists were thus awarded Nobel Prizes. However, their inflexible operation in practice has also been proved. This is the third weakness.

The government is good, but that does not mean that all personnel are competent. At a time when they have great power in their hands, in particular, their personal weaknesses will have great influence on the entire economy. This is the fourth weakness.

We should also see that the greatest problem in an economy that operates totally according to planning is that it lacks internal motivation and lacks interest-driven mechanisms and interest-restricted mechanisms. Therefore, its drive is often brought into it from the outside. If so, it will definitely be a dull and lifeless economy. This is the fifth weakness.

There are many more weaknesses we can illustrate. With these many weaknesses, the superiority of planning will not be as good as it is described.

The market is precisely the invisible hand. It is always there and is always regulating the economic life, regulating commodity supply and demand, and regulating the flows of productive factors. In competition, it forms the interest drive and interest restrictions, enables the fittest to survive, and promotes the development of productive forces. In this sense, the market is more fundamental than planning, and therefore is more reliable. The market, of course, has its negative aspect. However, if we understand market laws, and use methods that integrate planning and the market, it is possible to overcome and limit, to the greatest extent, the effect of the negative aspect.

As for our concepts, we should reduce our blind faith in the reliability of planning and should have more confidence in the market. It is impossible to pursue socialist market economy if we do not have more confidence in the market, but always think it reliable to place the economy under the control of planning.

Article Discusses High Tech Development Zones

HK0912143692 Beijing RENMIN RIBAO in Chinese
25 Nov 92 p 3

[Article by the State Council Research Department: "Speed Up Reform and Construction of China's New and High Tech Industrial Development Zones—Report on Study of Ways To Improve Policy on New and High Tech Industrial Development Zones"; first paragraph is RENMIN RIBAO editor's note]

[Text] This report by the State Council Research Department gives a systematic assessment of the conditions, achievements, and outstanding problems in China's

efforts to build new and high tech industrial development zones. It also outlines proposals on further improvement of the relevant policies and the formulation of development strategies. It should therefore be read and studied by comrades interested in the development of new and high tech industries as well as on building new and high tech industrial development zones. The full text of the report is more than 10,000 characters long and has been excerpted by this newspaper for publication.

New and high tech industrial development zones have recently emerged in the course of the reform and opening up of China. Along with the special economic zones and the economic and technological development zones, they form the new pattern which promotes the accelerated growth of China's economy. At present, because China's new and high tech industrial development zones are still in the initial stages of becoming established, a full understanding of their strategic significance, the adoption of correct guidelines, and forceful policy measures to speed up their construction and thereby bring about a rapid development of new and high tech industries, have become important subjects which should be studied and examined with urgency.

I. Establishment of New and High Tech Industrial Development Zones Is a Natural Option for Realization of the Strategic Goal of Modernizing China

Science and technology is the primary productive force. More and more of the world's economic competition is manifested in the competition among new and high technologies as transplanted into commodities. Many countries place great importance on the research and development of new and high technologies and compete among themselves in developing these industries. Relevant material has shown that the total output value of new and high tech products in the world today already exceeds \$1,000 billion, or 17 percent of the output value of the entire manufacturing industry; for the United States, this proportion exceeds 20 percent, while its total exports of new and high tech products account for as high as 40 percent of the exports by its entire manufacturing industry. New and high technologies have turned into a powerful locomotive for the development of socialist economy, while the scale of growth of new and high tech industries serves as an important symbol for measuring a country's comprehensive national strength. It is noteworthy that many countries have defined the construction of new and high tech industrial development zones as an important measure for developing high technologies and exploring new industries. The reason is that the conversion of new and high tech discoveries into commodities and industries has the unique features of high investment and high risk and, as such, the effort requires special support. By selecting suitable sites for the construction of such zones, introducing preferential policies, and creating an excellent environment, these measures can promote the development, as well as the conversion, of new and high tech

discoveries into commodities, thus helping new and high tech industries grow and overcome the risky stage.

As international economic competition intensified over the past decades, scientific and technological zones of all shapes and sizes have mushroomed and grown rapidly around the world. By the end of 1989, some 500 development zones existed in different countries, 80 percent of which were concentrated in Western developed countries: Some 141 in the United States, 40 in Britain, 60 in France, 70 in Germany, 28 in Japan, and 23 in Australia. Some developing countries are also actively building such development zones. The establishment of development zones and the conversion of new and high technologies into industries have become the international trends in development.

We are presently confronted by the historic mission of achieving the second-step strategic goal in development by the end of this century. It is necessary to take a new path marked by high speed and high efficiency in order to cause the GNP to grow progressively by an average annual rate of eight to nine percent and for the economy to rise to a new great level. A vigorous development of new and high tech industries contributes to a readjustment of the industrial structure and to economic reorganization. It also causes the transformation and upgrading of traditional industries. Whether or not China's economy can develop faster and more effectively in the 1990's will depend to a very large extent on the growth rates of new and high technologies as well as their industries. From the long term perspective, if China is to attain the level of a moderately developed country and achieve basic modernization by the middle of the next century, it cannot do so without the support of solid new and high technologies and their industries. Sizing up the situation and taking a broad, long-term view, Comrade Deng Xiaoping explicitly proposed "the development of high technologies and their conversion to industries," and stressed that "China should at all times develop its own high technologies and stake its place in the world field of high technologies." This is an extremely important strategic guideline related to the economic development of China. China is still very weak in so far as its ability to develop and convert the discoveries of new, high technologies is concerned. The proportion of new, high tech industries in the entire industry is very small. Speeding up the building of new, high tech industrial development zones and promoting the development of new, high technologies and their industries is a very pressing task. In view of China's prevailing realities, there are two special reasons for the establishment of these zones: First, the domestic market economy remains very immature, enterprises lack the inherent need for renovation through competition, scientific research lacks an inherent mechanism to integrate with the economy, and research in new, high technologies is seriously out of synchronization with the commercialization and industrialization of their discoveries. Under these circumstances, the development of new, high tech industries not only contains greater risks but also suffers from a lack of motivation.

The solution to this problem can be facilitated by the establishment of a development zone, the creation of a market economic environment within this scale, and the granting of definite preferential policies to the enterprises in this development zone. Second, high technologies require high inputs. Compared with developed countries, China's financial resources are extremely limited and it should therefore gather together its limited financial and material resources and focus on supporting the development of a number of new, high tech industries by building development zones.

Even though China has been engaged in building development zones for only a very short period of time, it has already experienced an excellent momentum for growth and witnessed a gratifying prospect. According to statistics, by the end of 1991, the 27 state-level new, high tech industrial development zones already had more than 3,400 new tech enterprises and 138,000 employees, including 67,000 scientific and technical personnel, and had developed more than 3,900 new, high tech products. In 1991, total trade income of the technological industries was 8.73 billion yuan; total output value was 7.12 billion yuan; total profits and taxes 1.61 billion yuan; and total exports 710 million yuan, increases of 45.1, 62.6, 114.7, and 51.1 percent respectively over 1990. Per capita income was 63,000 yuan and enterprises with sales volume exceeding 10 million yuan numbered 159. The development zones have already played a positive role in economic construction within a very short period of time.

1. Promote the conversion of new, high tech discoveries. Take the case of the Beijing Development Zone which, in the four years from 1988 to 1991, completed 1,287 scientific research projects and new product developments, including 669 discoveries which have been put into production and 120 turned into leading products. Even as they insist primarily on conducting their own research and development, the different development zones also put high premium on importing, digesting, and absorbing foreign technology, carrying out second development, studying, and designing new, high tech products suitable to the demands in domestic and foreign markets. Nearly 50 percent of the 120 leading products from the Beijing Development Zone were manufactured after a second development.

2. Promote the transformation of traditional industries in order to bring about the development of local economy. Many development zones have emphasized the development of pivotal industries with local characteristics. This injects new, high technologies into traditional industries and, on the other hand, it also enables the development zones to hone their own advantages gradually. For instance, the Chengdu Development Zone gives priority to the development of biologically manufactured goods based on the special features and scientific and technological advantages of the local economy. The Shenyang Development Zone participates actively in the transformation of old industrial bases and vigorously promotes machinery and electronics products

using new materials. At the same time, the new, high tech enterprises of the development zones inject new life and vigor into old enterprises through lateral association and joint ventures with them. It can be fully expected that as the development zones grow further, they will cultivate new growth points and support points for China's economy and the national economic development will then undergo a qualitative leap.

3. Provide useful inspiration and experience for deepening reform. In order to explore the integration of science and technology and economy, and the integration of planning and the market, give full play to the skills and talents of scientific and technical personnel, and emancipate and promote productive forces to the greatest extent, the development zones should actively carry out reform of the systems related to property rights, distribution, personnel, management and operations; spur on reform and development in the financial, social insurance, and service systems; and establish operational systems in enterprises which will enable them to raise funds independently, merge voluntarily, operate independently, be accountable for profits and losses, and engage in self-development and self-restriction. This provides a useful inspiration in our search for a new system of socialist market economy. At the same time, experimental factories set up in the development zones by big and medium state-owned enterprises, and firms set up in the zones by scientific research centers and institutes of higher learning in line with "one institute, two systems" and "one school, two systems," have also played a role in invigorating big and medium enterprises, intensifying science and technology, and reforming the educational system.

Even though building development zones in China is still in the initial stage, it can be expected that as long as there is appropriate guidance and suitable policies, it is entirely possible for them to turn into bases for the commercialization, industrialization, and internationalization of new, high tech discoveries; sources of technology for the transformation of traditional industries; experimental zones for deepening reforms; model zones for the close integration of commodity economy and science and technology; and important windows for opening up to the outside world.

II. Deepen Reform, Perfect Policies, and Speed Up Building New, High Tech Industrial Development Zones

The experiences of developed countries in the building of new, high tech industrial development zones show that a development zone needs 10 to 20 years to become a significant force. It is therefore necessary to make a prompt overall plan on building development zones in order not to lose time in accelerating the development of new, high tech industries in China.

At present, two key issues affect the building and development of new, high tech industrial development zones:

First, a market economic system and operational mechanism have not been fully set up in the development zones; second, as important forces in the development of new, high technologies and other industries, big schools, big institutes, institutes of higher learning, and medium and large enterprises have not fully displayed their important roles in the development zones.

The first problem manifests itself principally in the following: 1) In the allocation of resources, planning and market have not been integrated organically nor effectively applied. Enterprises in the development zones are basically outside the state budget and planning and, as such, it is difficult for them to obtain in a normal fashion from the state plans the means of production and capital needed to carry out scale production. At the same time, because the market for the means of production remains very inadequate, the enterprises cannot obtain a steady and prompt supply of the necessary means of production and capital from the market. 2) The operational mechanisms of some enterprises in the development zones, especially those under the ownership of the entire people, have not been fully transformed. For some enterprises, no distinctions are made with regard to the rights of ownership and operation, while the relations between responsibility and rights remain unclear, causing these enterprises to suffer from a lack of much-needed vitality. 3) No major breakthroughs have been made in reforming the management system of some development zones because problems of excessive and stifling government controls continue to exist. At the same time, the government lacks a uniform plan and direction on building development zones and development of industries. Problems such as the failure of some development zones to meet the needs outlined in the state and local economic development plans, growing similarity in product mix, redundant construction, and others are still ever-present. In addition, the management structures of many development zones are incapable of organizing and coordinating the different departments toward the purpose of serving the enterprises, given that an authoritative, competent, and highly efficient management organ has yet to take shape. The scientific and democratic management systems of some enterprises remain very unsound and their operational activities contain a certain degree of blind obedience and arbitrariness. 4) A risk investment mechanism and social insurance system which meet the needs of the development of a market economy have not been formed. While new, high tech enterprises have developed many new products, few have been put into scale production. Principal reasons for this are the lack of capital and the inability to resolve the problems of manufacturing techniques and equipment related to scale production.

The second problem is related to the big issue of what guidelines and what road to take in the building of these development zones in China. The objective in building these development zones is to develop new, high technologies and convert them to industries by relying primarily on China's own scientific and technological

strengths. But, judging by the existing conditions, the proportion of scientific and technological personnel taking part in the building of development zones remains very low. The channels for the exchange of skilled personnel, and of information, as well as cooperation in the development of discoveries between the major institutes, institutes of higher learning, and medium and large enterprises on one hand, and development zones on the other, are still inadequate. The advantages that the contingent of scientists and technicians in China, particularly the institutes of higher learning, enjoy in terms of manpower, intellect, and technology have not been fully displayed in the development zones. In looking at the causes, some deep-seated problems in reforming the science and technology and education systems have not been fully resolved, while a mechanism closely integrating science and technology, education, and the economy has not been set up. Some institutes of higher learning and scientific research institutes still lack the initiative to direct themselves toward the main battlefield in economic construction and participate in building development zones; they also lack an effective method to encourage the distribution of skilled manpower. On the other hand, the development zones have yet to form an effective mechanism and develop forceful measures to attract scientific and technical personnel into the zones and to absorb the discoveries of these institutes and schools. As far as the medium and large enterprises are concerned, because the transformation of operational mechanism is not yet complete, these enterprises still lack an inherent driving force to motivate them into participating in building the development zones and in bringing about their own technological renovation and product upgrading.

To resolve these two problems satisfactorily, it is necessary to emancipate our minds further; change our concepts; enhance our understanding of the important significance of running these development zones well and developing new, high tech industries; and accelerating the pace of reform in the development zones based on the need to establish a socialist market economic system. It is also necessary to perfect relevant policy measures quickly and create a better environment for the reform and construction of the development zones. Based on our investigation, we suggest that effective work be carried out in the following eight areas:

1. Step up transformation of the operational mechanism in enterprises by focusing on the reform of the shareholding system.

As an experiment in reform and opening up, the new, high tech industrial development zones should take the lead in carrying out comprehensive reform in line with the demands of establishing a socialist market economic system and form an operational mechanism guided primarily by the market as soon as possible. It is thus necessary to seize on the key, that is, the transformation of the operational mechanism of enterprises, in order to turn the enterprises genuinely into legal entities having management autonomy and accountability for their own

profits and losses. In the development zones in China, a considerable number of enterprises are operated by relevant ministries and commissions of the state, research centers, and institutes of higher learning of the Chinese Academy of Sciences, and large and medium state-owned enterprises. Whether or not these enterprises, under ownership by the entire people or the collectives, can be invigorated is directly related to the growth of new, high technologies and their industries in China. In recent years, the Chinese Academy of Sciences has introduced the principle of separation of powers and enterprise accountability for their own profits and losses in the development zones, thus promoting the transformation of the operational mechanisms of these enterprises. However, as far as the majority of enterprises are concerned, this problem has not been resolved satisfactorily.

As a form of organization in enterprises, the shareholding system is an effective way to speed up the transformation of the operational mechanisms in enterprises. The implementation of the shareholding system in enterprises is conducive to expanding the financial scale, raising production capital, and, at the same time, to defining the property rights relationships of enterprises (particularly collectively-owned enterprises inside the development zones which do not have a main sponsoring unit). According to experiences gained from reform of the shareholding system in certain localities, three different models, namely, the joint stock limited company, joint stock enterprises [gu fen he zuo qi ye 5140 0118 0678 0155 0120 2814], and limited liability company, can be introduced in the reform of the shareholding system of new, high tech enterprises on the basis of their different conditions. Reform of existing enterprises should be completed within two or three years but new enterprises should implement the shareholding system right from the start. Qualified new, high tech enterprises under the shareholding system should be given priority consideration regarding the question of floating shares based on the relevant rules of the state.

2. Reform the management system in the development zones based on the principle of "separation of government and enterprises" and "small organ, big service."

New, high tech industrial development zones are the "special zones" for science and technology. The government and its various departments should transform their functions, delegate more powers to the development zones, and "deal with special affairs in special ways." At present, emphasis should lay in strengthening the comprehensive management functions of the management organs of the development zones by granting them certain rights to examine and approve projects, administer import and export affairs, and manage labor and personnel matters. At the same time, the functions of the departments of industry and commerce, taxation, banks, and customs in relation to work in the development zones should be unified and coordinated.

Unlike the special economic zones and the economic and technological development zones, the new, high tech industrial development zones in China are not administrative zones. The management organs in the new, high tech industrial development zones only administer the new, high tech enterprises within the defined zones and this type of management should be described as administrative macromanagement. At the early stage of the development zones, given in particular the still unsound new economic system and operational mechanism, it is necessary to strengthen appropriately the administrative functions of the management organs in the development zones in order to provide better support to the development of the development zones and their enterprises. As the market economy is established and consolidated, the management organs in the development zones should strengthen their macroeconomic management functions and gradually implement administrative management. In the long term perspective, it is possible that the development zones will develop in the direction of multilevel new, high tech economic associations.

3. It is necessary to speed up cultivation of the market system in the development zones.

The cultivation of a market system represents an important link in the establishment of a new economic system and operational mechanism. It is necessary to cultivate, develop, and perfect vigorously the markets for the means of production, technical commodities, finance, shares, manpower and labor, information, and others in the development zones, and strive for a rational allocation of the production factors through communications with the domestic markets. A complete set of market rules and regulations should be established and consolidated correspondingly in order to form an excellent market discipline. The different markets in the development zones should abide by international practice and customs in order to link up with the international markets and promote the internationalization of new, high tech industries.

Under the existing circumstances where two systems coexist and where the market remains immature, the problem of new, high tech enterprises in terms of means of production can be resolved by considering the allocation of certain amounts from the state plan, and turning them over to the development zones, and then the resources can be distributed within the development zones according to the market method. For rare means of production in short supply but urgently needed by projects which merit support, these should be incorporated into the plan to ensure their supply.

4. Set up an investment risk mechanism and build social insurance and service systems.

The establishment of an investment risk mechanism is an indispensable guarantee for the development of new, high tech discoveries and the conversion of new, high technologies into industries. Different methods should be adopted to broaden the means of raising risk capital.

For instance, investment risk companies can be set up by financial and insurance organs; new, high tech risk capital can be raised with support from all sectors of society; low interest credit risk lines can be set up in the banks to support the development of new, high tech industries; and other measures can be adopted. In addition, the establishment of investment companies in China's development zones by overseas financial institutions can be considered.

Governments at all levels should give priority to building social insurance and service systems in the development zones and gradually setting up unemployment insurance, medical insurance, old age insurance, and housing fund systems in the development zones, incorporating them into socialized management in the localities. It is necessary to set up comprehensive or specialized organs for consultation services, legal offices, accounting offices, and others in order to provide comprehensive services to the enterprises in the development zones.

5. Speed up reform of the science and technology and educational systems and do a good job in skilled manpower distribution.

An important feature in the current reform of science and technology and education is to promote the close integration of science and technology, education, and economy; set up an effective mechanism to facilitate the flow of skilled manpower and intellectual resources; and encourage the entry of some teachers and personnel from scientific research centers into the main battlefield of economic construction. It is necessary to conclude and further promote the experiences from "one institutes, two systems" and "one school, two systems," to encourage scientific research centers and institutes of higher learning into participating actively in the construction of new, high tech industrial development zones. While ensuring a highly skilled contingent in basic research, the scientific research centers and institutes should release the majority of their personnel and encourage them to develop new, high technology in an active manner and operate new, high tech enterprises. Under the premise of ensuring their teaching responsibilities, the institutes of higher learning should also encourage some teachers to participate directly in building the development zones or to engage in the development of discoveries by "leaving teaching but not leaving the school." Institutes of higher learning should establish working relationships with the development zones, systematically arrange for teachers and researchers to carry out a given period of research and development work in the development zones so that teaching and scientific research can promote each other. At the same time, it is necessary to adapt to the needs of economic construction by opening new fields of specialization and training suitable personnel for new, high tech industries.

To promote the mobility of skilled manpower and intellectual resources, it is necessary to adopt more flexible policies. Scientific research and teaching personnel

should be allowed to engage in extracurricular jobs like joint research and technical consultation work. The departments, centers, sections, and units in institutes of higher learning, and in scientific research centers, should be encouraged and guided to display their collective superiorities and turn them into technical support organs with organic links with new, high tech enterprises. Regular assistance can be provided by enterprises.

6. The development zones should endeavor to create an excellent environment conducive to the recruitment of skilled manpower.

In developing new, high tech industries, skilled manpower is the key. Without the entry of a large number of skilled manpower into the development zones, there is no hope for the development zones. It is necessary to emancipate the minds further and encourage scientific and technical personnel to prosper first by relying on hard work and enterprising spirit. This is a major policy related to the emancipation of the primary productive force, science and technology.

It is necessary to respect intellectual property rights by allowing scientific and technical personnel to acquire shares using research findings and patents and granting them the same returns on assets as in shares acquisition. The wage system in new, high tech enterprises should be reformed and, under the premise that the rise in accumulation of the enterprises will be higher than the rise in their consumption and the rise in their labor productivity higher than the rise of total payroll, the enterprises should be allowed to define their own wage standards and internal distribution methods. The state may exercise control through personal income adjustment taxes. Scientific and technical personnel with outstanding contributions should be richly rewarded and this practice turned into a system. The relevant departments should actively study ways to resolve the problems in defining, assessing, and recruiting for technical positions in the development zones. Better conditions should be created and more effective measures adopted to attract returning overseas students into taking part in the building of development zones in the country in various ways. Overseas students working in Chinese new, high tech enterprises as well as relevant units outside the territory, should be considered as working in the country itself.

7. Encourage and guide large and medium enterprises into participating in building development zones.

China's large and medium enterprises boast fairly formidable strengths in terms of manpower, technology, and economic resources, especially certain military industrial enterprises whose strengths in these areas are even more prominent. However, these enterprises are also faced with arduous tasks in the transformation of technology and techniques and the creation of new products. Experiences in some foreign enterprises have shown that strengthening the links and cooperation between enterprises and the development zones, and the establishment of research and development organs in the development

zones, are effective means in bringing about an upgrading of both technologies and products in enterprises. We should borrow from these methods. Large and medium enterprises should be actively encouraged and guided in establishing various forms of contacts and cooperation with the new, high tech enterprises in the development zones. Some qualified large and medium enterprises may also arrange for their scientific and technical personnel to set up new, high tech "branches" in the development zones which are compatible with the development of the enterprises. If this undertaking is carried out effectively, it will no doubt have an important effect in invigorating large and medium enterprises.

8. Further perfect support policies for development zone enterprises.

In March 1991, the State Council issued Document No. 12 defining a series of preferential policies designed to promote the growth of new, high tech industries. As the situation developed, various localities and development zones expressed hope for further improvement in the relevant policies.

In summing up the views from all localities, aside from the aforementioned measures, the following can also be considered: Prolonging the period of revenue tax exemption and reduction for newly established new, high tech enterprises for an appropriate period; offering more preferential policy assurances to new, high tech enterprises operated by institutes of higher learning, the military industrial system, and the civilian affairs systems; issuing construction bonds and setting up special low interest loans to be used in the construction of infrastructure facilities in the development zones as appropriate; creating more convenient conditions related to exports and imports and simplifying the examination and approval procedures related to the free movement of management personnel as well as scientific and technical personnel in new, high tech enterprises for business purposes.

Today, some development zones and enterprises have reported that some established State Council policies have not been fully implemented. The relevant departments and governments in all localities should carry out a serious examination and implement these policies resolutely.

III. Formulate Development Strategy for New, High Tech Industries in Line With Prevailing Conditions

The establishment of a new, high tech industrial development zone and the development of new, high tech industries is a project which will straddle the next century. We should formulate a scientific and clear-cut development strategy as soon as possible to ensure the healthy growth of the project.

—Do a good job in the overall planning related to building new, high tech industrial development zones.

Looking at the economic construction of China, the absence of some 40 to 50 significant new, high tech development zones will make it difficult to support the sustained high growth rates of the economy in the 1990's and it will also affect efforts to achieve the third-step strategic objective in the next century. At present, while concentrating efforts on running the existing development zones effectively, some more development zones should be established promptly in line with the needs of the economic development of the state and the regions. Thus, the majority of provinces, cities, and regions in China, stretching from the coast to the hinterland, will have new, high tech industrial development bases and a new, well-distributed pattern related to the development of new, high tech industries will take shape. Efforts should be made to establish by the end of this century a number of development zones with output value totaling 10 billion yuan and to produce a number of new, high tech leading products up to international standards so that the output value from new, high tech industries will account for more than ten percent of the GNP, while exports of new, high tech products will account for more than eight percent of the country's total exports. A good foundation should be laid so that China can attain a favorable position in the world of new, high technologies in the next century.

In establishing new, high tech industrial development zones, China should follow the principle of "seizing the main point, overall planning, displaying the strong points, and building pillars" when it defines the development direction and responsibilities of various development zones.

State development zones should strive to assume the mission of converting the state's new, high tech discoveries into industries. In recent years, a number of new, high tech discoveries have emerged out of the state's implementation of the "863" plan, the plan to tackle tough projects in science and technology, and the torch plan. The state-level development zones should gradually become important bases responsible for the conversion of these discoveries. At present, in seeking to convert these discoveries, it is urgent and necessary to resolve the question of funding for experiments, that is, pre-industrialization investments. Unless this problem is resolved, a large number of discoveries cannot be turned into real productive forces. In a certain sense, this is a waste of investments in new, high tech research plans. Hence, the state should see to it that the work related to building development zones and the development of new, high tech industries is closely linked to the aforementioned plan on the research and development of new, high technologies. The state should also arrange for the transfer of discoveries with prospects for conversion into industries and their corresponding funds to the best-qualified development zones so that they can assume responsibility for converting the discoveries into industries.

The development zones operated by all localities should fully exercise their role in spreading new, high technologies so that they can contribute to upgrading local industries and structural readjustments. It is necessary to participate actively in the transformation of traditional industries by selecting new, high tech projects which can boost local economic growth, are highly competitive, and yield quick returns to accelerate their development and turn them into industries which will serve as the new pivotal points in local economic development as well as "dragon heads" in the rejuvenation of the local economy.

The building of development zones is closely linked to the readjustment of industrial structure and the development of new, high tech industries. To this end, it is suggested that the state formulate a general plan on building new, high tech industrial development zones as soon as possible in line with its industrial policy. This plan should include the distribution and number of development zones, their respective main responsibilities, the principles behind the building of the development zones, principal policies, and management methods. The plan should then be incorporated into the general national economic plan.

—Take the road of independent development as well as importation integrated with absorption in developing new, high tech industries.

In developing high technologies and realizing their industrialization, there is no question that China should rely principally on its own efforts. However, the study and development of new, high technologies can be better realized through international exchanges and new, high tech industries will only grow and flourish through competition in international markets. Many enterprises in the development zones have achieved excellent results in carrying out second development on the basis of importing, digesting, and absorbing new, high tech products from overseas. The Sino-foreign joint equity, joint venture enterprises related to new, high technologies in the development zones also brought in some advanced technologies and research data. Practical experiences have shown that the process of converting new, high technologies into industries in China can only be accelerated by opening up the development zones further to the outside world and keeping up with the developments in the world's new, high technologies.

Participation by new, high tech enterprises in international competition is the prerequisite for their survival, development, and growth. Groups of companies like the Lianxiang [5114 1927] and Stone from the Beijing Development Zone have forcefully pushed their products into the leading ranks in the world of new, high technologies by actively marching toward the international markets, setting up development and sales centers and training and maintenance networks overseas, and establishing branches and factories in centers of new, high tech development like the Silicon Valley in the United States. The governments in the various localities

should vigorously support the efforts of certain enterprises with substantial strength in the development zones to mount the international stage as soon as possible.

—Correctly select breakthrough points for the industrialization and internationalization of new, high tech industries in China.

The relative abundance of intellectual and manpower resources in China makes it suitable to develop new, high tech industries which are technology intensive, intellectual resources intensive, and labor intensive. It also enjoys a competitive edge in terms of product costs and prices. Hence, in developing new, high tech industries it is necessary to highlight the advantages, and avoid the shortcomings, and select a number of industries which will display our superiorities to serve as the breakthrough points in converting new, high technologies into commodities, industries, and their internationalization. At the same time, select some development zones with better conditions to function as development bases of these industries and adopt some special preferential policies to support their growth, to break into the international market. It is suggested that the State Council instruct the relevant departments to organize a detailed investigation and study of this problem and then present concrete and viable proposals.

—Emphasis on the training of management personnel is an important task which should not be ignored in promoting development zones.

At present, the problem of poor quality management personnel and the ignorance of scientific and technical personnel about operations and administration continues to exist in many development zones and their enterprises, restricting their further advancement. The relevant localities and development zones should set up management personnel training centers as soon as possible to carry out training work in a planned manner. Qualified institutes of higher learning should also assume a certain amount of training responsibility. As long as we have a big number of scientific and technical entrepreneurs who know science and technology, foreign languages, management, and operations, then there is great hope in the new, high tech endeavors.

—Establish and perfect all systems of rules and regulations and govern the development zones according to the law.

To ensure the sound growth of the development zones it is necessary to step up legislation work in the development zones, draw up the rules on the management of new, high tech industrial development zones as soon as possible, set up a system of standards to assess the work in the development zones, further perfect the process of identification and registration of enterprises in the development zones, and improve the systems of accounting, auditing, statistics, and others. At the same time, it is also necessary to establish a system for the declaration of enterprise bankruptcy so that only the best

enterprises in the development zones survive while the mediocre will be eliminated.

Running the new, high tech industrial development zones satisfactorily, and accelerating the industrialization of new, high technologies, is an important step in implementing the talks of Comrade Deng Xiaoping during his southern tour and the spirit of the CPC Central Committee Political Bureau's plenary session. It is connected with the realization of China's three-step development strategic goal and the position of socialist China, and the Chinese nation, in the future world. Governments at all levels should attach great importance to undertakings in the development zones, step up their investigation and research, help the development zones resolve actual problems, and strive for a great development in China's new, high tech development zones as well as their industries.

Policy To Accelerate Tertiary Industry Noted

HK1012134392 Beijing XINHUA Domestic Service in Chinese 0743 GMT 4 Dec 92

[By correspondent Zhang Jinsheng (1728 6930 0524): "The State Planning Commission Sets Important Policy and Reform Measures To Accelerate Tertiary Industrial Development"]

[Text] Beijing, 4 Dec (XINHUA)—To accelerate China's tertiary industrial development, the State Planning Commission has recently set out the need to: reform all structures and policies that impede tertiary industrial development, make full use of the market mechanism, and adopt effective policies and measures to achieve that end.

The State Planning Commission has set out major policy and reform measures for tertiary industry in administration, operational mechanism, pricing, and capital:

—Give a free hand to initiating tertiary industry. Tertiary industry of the collective, individual, and private sectors of the economy and other economic factors will be further developed. State-owned enterprises and institutions, social organizations, enterprises of urban and rural collective economies, the private sector, and individuals are encouraged to invest in the tertiary industry in the forms of funds, real estate, equipment, technology, information, and labor service. People out of work due to government organizational reform and streamlining are enthusiastically encouraged to go toward tertiary industry, especially to work in information and consulting in various categories and market services, including accounting, auditing, statistics, law firms, and taxation. Mass and social organizations are allowed to begin operations, with information services and consulting in the main, to initiate tertiary industrial economic bodies. Tertiary industry is encouraged to merge with closed-down industrial enterprises; national and regional tertiary enterprise groups transcending departments, trades, regions and forms of ownership can be organized and set up. Regarding such trades as railways, highway trunk

lines, important ports, airports, post and telecommunications, education, scientific research, and urban utilities, trade monopolies in such fields should be broken, and such undertakings can be initiated by social forces with guidance, while state operation remains dominant.

—Build a tertiary industrial self-developing mechanism that is full of vitality. Operation in the way of enterprises is to be implemented in such trades as commerce, supply of goods and equipment, storage, foreign trade, real estate, and tourism, while pushing them toward the market in a comprehensive way. Utility services, communications, and transportation means for organs, organizations, enterprises, and institutions should provide society with compensated service, while conditions should be created for them to become economic bodies in independent operation. Service enterprises in society are encouraged to contract out rear supply service and routine matters of organizations, enterprises, and institutions; small state-owned enterprises in the tertiary industry, especially commerce, can be leased or sold to collectives and individuals.

—Widen channels for sources and collection of funds for tertiary industrial development. It is necessary to increase capital input in the tertiary industry in a multichannel, multitiered, and multiformed manner. Governments at all levels should continue to magnify input in such trades as transportation, information, and science and technology, and increase investment in national and regional market basic construction. The authority to deliberate and approve investment in tertiary industry will be further relaxed, and all tertiary industrial projects in which localities collect funds on their own and balance conditions for construction with their own efforts—notwithstanding their scope—will be deliberated and approved by localities themselves. Enterprises' decisionmaking power in investment will be enlarged, and tertiary industrial enterprises may invest in enterprises and institutions in various localities and all trades with their retained funds, goods in kind, industrial property rights, and non-patented technologies, and purchase or hold shares of other enterprises. Under the guidance of state policy and the control of the state plan, funds should be collected by actively issuing bonds and shares.

—Further iron out and decontrol prices in the tertiary industry. With the exception of a very few items that have a bearing on the national economy and the peoples' livelihood whose prices must be fixed by the state, it is necessary to decontrol prices and service charges for the majority of tertiary industrial items, implementing market regulation. Concerning the prices and service charge standards for communications, transportation, and post and telecommunications, price ranges will continue to be set by the state, while allowing enterprises to decide floating prices within these stipulated ranges. Standard land prices in

the first-class land market, housing prices for government workers, and "households who have housing problems," will be set by the state, while other real-estate prices will come under market regulation. Prices for the results of technological development are to be set by scientific research organizations themselves, or settled through negotiations and discussions between scientific research institutes and production enterprises; concerning medical service and education, a development mechanism characterized by linking financial support to market compensation will be implemented to gradually increase the proportion of market compensation.

—Give tertiary industrial enterprises full autonomy in employment and income distribution. Enterprises and institutions of the tertiary industry which carry out comprehensive operations and do not need financial allocation may decide the size of their own staff. In all tertiary industrial enterprises, measures to expand the realm of work offers should be implemented, while gradually establishing the system of terminating employment and resignations. Personnel working in professional and technical posts in tertiary industrial enterprises will acquire their professional and technological titles according to unified national assessment or through national unified examination, and will enjoy corresponding wage treatment after they are invited to posts. The general income level of workers and staffers in state-owned enterprises of tertiary industry should be linked to economic results according to state regulations, and enterprises are entitled to autonomy in income distribution within the range of the established wage volume.

—Actively utilize foreign investment in tertiary industrial development. In making foreign loans, support of the tertiary industry should be taken into consideration as best as possible. The realm of tertiary industry for foreign investment should be appropriately expanded, while encouraging the initiating of such projects as hi-tech development, information and consulting services for joint-ventures with Chinese and foreign investment or in Sino-foreign cooperative operations. Joint-ventures in retail businesses, supply and marketing of goods and equipment, tourist installations, accountancy firms, and monetary organizations will be initiated on an experimental basis in some cities and areas with state approval. Foreign investment in real estate will be absorbed in a planned way.

In addition, the State Planning Commission has formulated related policies and measures for encouraging and supporting industrial enterprises to develop the tertiary industry, developing commodity markets in various categories actively and in an orderly way, building the legal system involving internationalized operation of the tertiary industry, and reforming the planning and statistic systems and methods of the tertiary industry.

Rules for Enterprise Accounting Reported

OW0912175092 Beijing XINHUA Domestic Service in Chinese 2100 GMT 5 Dec 92

[Text] Beijing, 6 December (XINHUA)—Standard Rules for Enterprise Accounting

Chapter I. General Rules

Article 1. These standard rules are formulated with a view to unifying business accounting standards and ensuring the quality of accounting information in keeping with the demands of the development of a socialist market economy in China. They are in accordance with the "Accounting Law of the PRC."

Article 2. These standard rules are applicable to all enterprises in the PRC territory.

Chinese-funded enterprises outside the PRC territory (shortened as enterprises outside the territory) should follow these rules when preparing their financial reports to the relevant department in the PRC.

Article 3. Enterprises should work out their accounting systems according to these rules.

Article 4. Business accounting should include all economic activities occurring in enterprises, and should record and reflect various aspects of enterprise production and operation.

Article 5. Business accounts should be recorded under the premise of maintaining continuous normal production and operation of enterprises.

Article 6. Accounting calculations should include the period of accounting, balance of accounts in different periods, and a consolidated accounting statement. Accounting should include annual, quarterly, and monthly periods. The beginning and end of annual, quarterly, and monthly accounting periods should be based on the Gregorian calendar.

Article 7. Renminbi is the currency unit for accounting calculations. Enterprises using mainly foreign currencies for business revenues and expenditures may select a certain foreign currency as the unit for recording business accounts; however, when preparing accounting statements and reports, they should convert the foreign currency into renminbi. Enterprises outside the territory should convert foreign currencies into renminbi when preparing accounting statements and reports to relevant departments in the PRC.

Article 8. The debit-credit system should be used in accounting calculations.

Article 9. Chinese is the language for recording business accounts; minority nationality languages may be used concurrently in autonomous regions of minority nationalities. Foreign joint ventures and solely foreign-owned enterprises may use a certain foreign language concurrently.

Chapter II. General Principles

Article 10. Accounting calculations should be based on actual economic activities occurring in enterprises and should truthfully reflect their financial conditions and results of operations.

Article 11. Accounting information should comply with the requirements of the state macro-economic control, satisfy the demands of relevant sectors for understanding the financial conditions and operational results of enterprises, and keep abreast of the needs for strengthening the internal management and operation of enterprises.

Article 12. Accounting calculations should be handled according to prescribed accounting methods and identical or comparable accounting standards.

Article 13. Methods for handling accounts in different periods should be identical; they should not be changed arbitrarily. If a change is indeed necessary, conditions and reasons for the change and its effects on the financial situation and operational results of enterprises should be explained in financial reports.

Article 14. Accounting calculations should be made on time.

Article 15. Accounting records, statements, and charts should be clear, easy to understand, and easy to use.

Article 16. Accounting calculations should be based on the system of accounting on the accrual basis.

Article 17. Revenue and its related costs and expenditures should be comparable to each other.

Article 18. Accounts should be calculated prudently and adjusted rationally for possible losses and expenses.

Article 19. All assets and materials should be calculated according to its actual acquired cost. Their book value should not be adjusted in the event of price fluctuations, unless otherwise stipulated by the state.

Article 20. Accounting calculations should rationally distinguish revenue expenditures from capital expenditures. Expenditures with benefits relating only to the current accounting year should be treated as revenue expenditures; expenditures with benefits relating to several years should be treated as capital expenditures.

Article 21. Financial reports should comprehensively reflect the enterprise's financial situation and results of operation. Major economic activities should be reflected individually.

Chapter III. Assets

Article 22. Assets are economic resources quantifiable in currency units owned or controlled by an enterprise. These include various assets, rights of claim, and other rights.

Article 23. Assets are divided into current assets, long-term investment, fixed assets, intangible assets, deferred assets, and other assets.

Article 24. Current assets means assets which can be turned into cash or utilized within an operating period of one year or a period of more than one year. These include cash, various deposits, short-term investments, receivables, prepayments, and inventories.

Article 25. Cash and various deposits should be recorded according to actual receipts and payments.

Article 26. Short-term investment means various valuable papers of not more than one year holding period and readily convertible to cash, as well as other investments of less than one year.

Valuable papers should be recorded at the actual value of purchase.

The current period's profits from valuable papers, and the difference between receipts and book value when the valuable papers are traded, should be accounted as the current period's profit or loss.

Short term investments should be listed at book value in the accounting statements.

Article 27. Receivables and prepayments include: bills receivable, receivable accounts, other receivables, prepayment for goods, and fees to be apportioned.

Receivables and prepayments should be recorded according to actual amounts incurred.

Provision for doubtful debts can be made on receivable accounts. Provision for doubtful debts should be listed as an allowance for receivable accounts in the accounting statement.

Various receivables and prepayments should be balanced and called in a timely manner; periodic check and verification of accounts should be conducted with parties concerned. If a provision for doubtful debts is made, when a receivable account is determined to be unrecoverable, it should offset the provision for doubtful debts account; if no provision for doubtful debts is made, it should be treated as a bad debt loss to be accounted into the current period's profit and loss.

Payments to be apportioned should be apportioned in accordance with relevant period of benefits; the excess amount not apportioned should be listed individually in the accounting statement.

Article 28. Inventories means various assets kept by the enterprise in the process of production operations for the purpose of sales or consumption. These include commodities, finished products, semi-finished products, work-in-progress, as well as other materials, fuel materials, packing materials, and low value high consumption items.

All inventories should be recorded at actual cost at time of procurement. When the methods of planned cost or fixed cost are employed for regular accounting, cost differences should be reconciled periodically to adjust planned or fixed costs into actual costs.

Taking stock of all inventories should be conducted on a periodic basis. Stock surplus, stock deficit, obsolescence, deterioration, and stock damage to be written off should be handled in a timely manner to be included into the current period's profit and loss.

All inventories should be listed in actual costs in the accounting statements.

Article 29. Long-term investments are investments not intended to be cashed in within a year. These include stocks, bonds, and other investments.

Depending on relevant situations, stocks and other investments should be accounted for on a cost-based or interest-based method.

Investment in bonds should be accounted for in terms of actual payments. In the case where actual payments include accrued interest, that portion of interest should be accounted for individually.

When bonds are purchased at a premium or at a discount, the difference between the actual price paid and the face value of the bonds should be periodically amortized before the maturity date.

Interest accrued on investments in bonds during the holding period—as well as the difference between principal and interests received from the sales of bonds and the bonds' book value and accrued interests—should be accounted for as the current period's profit and loss.

Long-term investment should be individually itemized in the accounting statement.

Long-term investment maturing within a year should be individually reflected under working capital.

Article 30. Fixed assets are assets of more than one year life span with a unit value above standard specifications, and which remain unchanged during use. These include houses and buildings, machinery, transport equipment, tools, and other equipment.

Fixed assets should be recorded at actual cost during the time of procurement. Whether or not the fixed asset has been put into operation, loan interests, related fees, and exchange rate deficits arising from foreign currency loans incurred prior to the final accounting should be accounted as the value of fixed assets; loan interests, related fees, and exchange rate deficits arising from foreign currency loans incurred afterwards should be accounted for in the current period's profit and loss.

The value of donated fixed assets should follow the market value of similar assets or be determined according to a relevant basis. Expenses incurred in the

process of receiving donated fixed assets should be accounted for as part of the fixed assets' value. Leased fixed assets should be accounted for in relation to the enterprise's own fixed assets, and should be explained in the annotation part of the accounting statement.

Depreciation of fixed assets should be based on the original value of the asset, estimated scrap value [value after depreciation], and estimated useful life or estimated work volume calculated on straight-line or work volume (output volume) method. An accelerated depreciation method may be used if relevant regulations are applicable.

Fixed assets' original value, accumulated depreciation, and net value should be itemized in the accounting statement.

Actual expenses incurred for the purpose of purchasing or constructing fixed assets, or carrying out modification on fixed assets, should be individually listed in the accounting statement.

Periodic checks should be conducted on fixed assets, gains, and losses on net worth of fixed assets; net loss incurred in writing off fixed assets should be accounted in the current year's profit and loss.

Article 31. Intangible assets means assets used by enterprises on a long-term basis which do not have any physical form—such as patent rights, non-patent technology, trade mark rights, copyrights, land use rights, and goodwill.

Intangible assets which are purchased should be recorded at actual cost; intangible assets obtained through acceptance of investment should be recorded at an estimated value or at the value agreed upon in the agreement; self-developed intangible assets should be accounted according to actual costs incurred in the process of development.

All intangible assets should be proportionately amortized throughout the period of use on an average basis; excess value not amortized should be listed in the accounting statement.

Article 32. Deferred assets refers to various fees which cannot be entirely included in the current year's profit and loss, and must be periodically amortized in future years. These include setup costs and expenses incurred in improving leased fixed assets.

Expenses incurred in improving leased fixed assets should be proportionately amortized throughout the period of the lease.

All unamortized portions of costs relating to leased fixed assets should be listed in the accounting statement.

Article 33. Other assets means assets other than those mentioned above.

Chapter IV. Liabilities

Article 34. Liabilities are debts shouldered by the enterprise that can be quantified in currency units and must be paid with assets or labor.

Article 35. Liabilities are divided into current liabilities and long-term liabilities.

Article 36. Current liabilities are debts to be paid within one operating period of one year or more, including short-term loans, bills payable, payable accounts, advance receipts for goods, wages payable, taxes payable, profits payable, other payables, and advanced drawing of expenses.

All liabilities should be recorded in the actual amounts accrued. When an amount is to be estimated for liabilities already incurred, estimation should be carried out rationally, and adjustments should be made once the actual figure can be determined.

The balance of current liabilities should be itemized in the accounting statement.

Article 37. Long-term liabilities are debts to be paid in more than one operating period of one year or more, including long-term loans, bonds payable, and long-term payables.

Long-term loans include loans from financial institutions and loans from other units. Long-term loans should be distinguished by the nature of the loan and recorded in actual amounts accrued.

When issuing bonds, the face value of the bond should be recorded. When bonds are issued at a premium or at a discount, the difference between actual receipts and the face value of the bonds should be accounted for individually, and interest payments should be periodically reduced or increased with each scheduled payment before maturity.

Long-term payables includes payments for import of facilities and leased fixed assets. Long-term payables should be recorded in actual amounts accrued.

Long-term liabilities in the accounting statement should be categorized into long-term loans, bonds payable, and long-term payables.

For long-term liabilities to reach maturity, they should be paid off within a year and be individually listed under current liabilities.

Chapter V. Owners' Rights and Interests

Article 38. Owners' rights and interests include enterprise investors' ownership over invested capital in enterprises and over capital surplus, extra common reserve funds, and undistributed profits.

Article 39. Invested capital includes various funds, properties, and materials actually invested in enterprises for

operational purposes. The value of capital actually invested in enterprises should be entered into the accounts.

When a shareholding enterprise issues shares, the face value of the shares should be entered into the accounts as capital stock.

Unless stipulated otherwise, state funds specially allocated for enterprises should be entered into the accounts as state investment.

Article 40. Capital surplus includes the appreciation of the capital stock, the increase in the value of legal assets after reevaluation, and the value of donated assets and properties.

Article 41. Extra common reserve funds are common reserve funds extracted from profits in accordance with relevant state regulations.

The exact amount of the extra common reserve funds extracted from profits should be recorded in the accounts.

Article 42. Undistributed profits are enterprise profits to be distributed in the following year or in the future.

Article 43. Invested capital, capital surplus, extra common reserve funds, and undistributed profits should be individually itemized in the accounting statement. Any uncompensated losses should be reflected as a negative item under the owners' rights and interests.

Chapter VI. Incomes

Article 44. Income is an enterprise's business income derived in the course of business operations and gained by selling commodities or supplying labor services, including basic and other business income.

Article 45. Enterprises should rationally and specifically admit actual business income, and income already received should be promptly entered into the accounts.

In the course of delivering commodities or supplying labor services in return, and actually receiving funds or evidence that funds are paid, enterprises should specifically admit the payments or evidence of payments as actual business income.

When dealing with contracts on long-term projects (including labor services), enterprises should rationally and specifically admit business income generally in accordance with provisions governing payments-by-stages or completion of the whole contract.

Article 46. Canceled sales, sales allowances, and discounts should be recorded in the accounts as offsetting items from sales incomes.

Chapter VII. Expenses

Article 47. Expenses are various consumption items incurred in production and operational processes.

Article 48. Expenses—directly incurred for producing commodities and supplying labor services, including the direct costs of labor, materials, and incoming commodities, should be listed under direct production and operational costs. Expenses that are indirectly incurred for producing commodities and supplying labor services should be appropriately apportioned according to certain standards and listed under enterprise production and operational costs.

Article 49. While organizing and administering production and operational activities, enterprise executive management departments will incur management and financial expenses. In addition, in the course of selling commodities and supplying labor services, they will also incur expenses of procuring, receiving, and selling the commodities. All these expenses should be regarded as current expenses and should be directly itemized in the statement of profits and losses for the current accounting period.

Article 50. Expenses to be respectively borne and paid by the present and subsequent periods should be appropriately apportioned according to certain standards and individually listed under the present and subsequent periods. Expenses—to be borne and payable by the present period but yet to be settled—should be calculated in advance and listed under the present period.

Article 51. Generally, cost calculations should be made on a monthly basis.

Enterprises may specifically formulate their own cost-accounting system in accordance with production and operational characteristics, organizational types, and cost management; however, the cost accounting system, once formulated, is not to be changed at will.

Article 52. Enterprises should check the computation of their actual expenses and costs. If the constant or planned cost-accounting system is used, it should rationally calculate the differential between actual and estimated costs. Actual costs should be listed in the accounting statement at the end of the month.

Article 53. Enterprises should accurately and promptly itemize the operating costs incurred for selling commodities and supplying labor services and other current expenses in the statement of profit and loss for the current accounting period.

Chapter VIII. Profits

Article 54. Profits are the operational results of an enterprise during a period of time. They include business profits, net investment earnings, and net nonbusiness balances.

Business profit is the balance after subtracting business costs, period expenses, various taxes, and additional taxes from business income.

Net investment earnings are the balance after subtracting investment losses from external investment income.

Net nonbusiness balance is the balance after subtracting nonbusiness expenses from nonbusiness income.

Article 55. When an enterprise incurs a loss, it should make up for the loss according to prescribed procedures.

Article 56. Both the composition and the distribution of profits should be itemized in the accounting statement. If the profit distribution plan has not yet been finalized, it should be so noted in a footnote to the accounting statement.

Chapter IX. Financial Statement

Article 57. A financial statement is a written document reflecting the financial situation and operational results of an enterprise. It includes the statement of assets and liabilities, the statement of profits and losses, the statement of changes in financial position (or the cash flow statement), the supporting statements, footnotes to the accounting statement, and the financial situation statement.

Article 58. The statement of assets and liabilities is a statement reflecting the financial situation of an enterprise on a particular date.

The contents of the statement of assets and liabilities should be itemized according to the categories of assets, liabilities, and owner's rights and interests.

Article 59. The state of profits and losses is a statement reflecting the situation of operational results and distribution of an enterprise during a period of time.

Both the composition of profit and the distribution of profit should be itemized in the statement of profit and loss.

A statement of profit distribution may be prepared separately.

Article 60. The statement of changes in financial position is a statement reflecting comprehensively the situation of the sources, spendings, increases, and decreases of operating capital during an accounting period.

The statement of changes in financial position should contain items in both sources of operating capital and spendings of operating capital. The balance between the sources of operating capital and the spendings of operating capital is the net increase (or decrease) of operating capital. The sources of operating capital include profit sources and other sources, and all sources should be itemized. Spendings of operating capital include profit distribution and other spendings, and they should be itemized.

An enterprise may prepare a cash flow statement to reflect changes in financial position.

The cash flow statement is an accounting statement reflecting the cash receipts and payments of an enterprise during an accounting period.

Article 61. An accounting statement may be prepared in the form of comparison between two successive periods, if necessary.

If items are not grouped in the same manner between the two periods, some figures in the earlier period should be adjusted to make items between two periods comparable.

Article 62. An accounting statement should be based on completely recorded and thoroughly checked book-keeping records to ensure truthfulness, accuracy, completeness, and timeliness.

Article 63. If the investment made by an enterprise in another enterprise accounts for more than one half of the latter's total capital, or the former has gained control of the latter, a consolidated accounting statement should be prepared. It is inadvisable to consolidate the statements of enterprises of some special trades. In that case, consolidation is not required, but the investor enterprise should submit the statements of both enterprises.

Article 64. The footnotes to the accounting statement are explanations to some items in the statement for the purpose of helping readers understand the contents of the statement. Footnotes mainly deal with major accounting processing methods, changes in accounting processing methods, reasons for changes, the impact of changes on the financial situation and operational results, explanations to nonroutine items, detailed information on important items in the accounting statement, and other explanations which help the understanding or analysis of the statement.

Chapter X. Supplementary Articles

Article 65. These rules shall be interpreted by the Ministry of Finance.

Article 66. These rules shall come into force on 1 July 1993.

Article Analyzes "Tight" Purchasing Funds

HK0912144592 Beijing *RENMIN RIBAO* in Chinese
19 Nov 92 p 2

[Article by staff correspondent Jiang Xia (3068 1115): "Where Have the Funds for Purchasing Farm Products Gone?"]

[Text] With the arrival of autumn and winter, the purchase of agricultural and sideline products has entered its booming season. Sixty percent of the annual grain and cotton procurement volume are purchased and stored in granaries in a concentrated way during the fourth quarter. Just at this intense juncture, anxious

voices come from various localities, particularly from the principal grain and cotton producing areas, complaining:

The Purchasing Funds Are Short and the Phenomenon of "IOU Notes" (bai tiao 4101 2742) Is Serious

In Hubei Province, one of the main grain and cotton producing areas, the IOU notes issued across the province amounted to 906 million yuan by September, and some purchasing centers had to suspend their work because of this. Liaoning, Jilin, Shandong, Xinjiang, and other places also reported an emergency one after another. Some regions found it difficult to start the procurement work for lack of funds, or simply purchased by IOU notes from the very beginning.

The funds for purchasing agricultural and sideline products have been tight for years, but the amount of shortfalls and the loudness of voices this year have both exceeded those in previous years. Along with the substantial increase of output and commodity rate of agricultural and sideline products, the volume of procurement will go up increasingly, and the fund allotment will be more and more difficult. Neither a department nor a bank is capable of taking the entire responsibility for the purchasing funds which are so huge a sum and so concentrated a placement. At present, the approach universally adopted by various localities is to raise funds in many ways under an overall arrangement, with the government taking the lead and various departments including finance, banking, grain, and so on sharing their respective responsibilities. The problem this year lies in the fact that the purchasing funds undertaken by various parties generally did not come up to the required level. According to the statistics of 14 counties in Sichuan, funds collected only accounted for approximately 6 percent of funds needed. A survey report provided by the Agricultural Bank of China (ABOC) a short time ago stated that more than 8 billion yuan were needed for the total value of purchase in Shandong, but less than 50 percent of the departments were able to pool enough funds, with a few simply failing to raise the minimum funds needed. This situation was rarely seen in a major grain and cotton producing province.

According to the trends of harvest and grain market prices this year, the purchasing volume and total value will not increase substantially, and the total purchasing funds put in by the state are not small either. By the end of September, the total value of grain and edible oil in stock only took up half the procurement loans, but the funds needed for procurement were tense in various quarters. Therefore, people cannot help but ask:

Where Have the Funds Gone?

This correspondent has learned from relevant departments that large amounts of funds, which were originally earmarked for procurement, were intercepted, held up, or diverted to other purposes through various channels,

which was either done in an imposing manner, or done by necessity. Following are roughly the directions in which the funds have gone.

—A considerable amount of funds has been firmly held up by grain and cotton whose transfers are slow and sales sluggish. Cotton, in particular, has doubled and redoubled its stock because the storage has kept on increasing. A large amount of loans have been in arrears for a long time so that the ABOC is unable to recover them in good time, and its ability to grant further loans has weakened. According to statistics, the nationwide prolonged default in repayment of the proceeds of grain and cotton after being transferred and sold amounted to 26.9 billion yuan.

—The financial subsidies for grain and cotton payable and in arrears are constantly on the rise. The account on credit of the grain enterprises across the country had a net increase of 5.28 billion yuan over the beginning of this year. This means that a large amount of purchasing funds has been used to pay for financial spending.

—The amount of loans for procurement held up or diverted to other purposes by grain enterprises is astonishing. Up to the end of last year, the grain enterprises who have account relationships with the ABOC had shifted 8.35 billion yuan of procurement loans to the purposes of capital construction, participation of shares, lending to other units, payment of apportioning by local government, and so on. More than 90 percent of circulating funds of enterprises run by commercial and grain departments came from the procurement loans. In addition, the huge amount of losses accumulated in the grain enterprises for years was also an important cause of holding up considerable purchasing funds, which has also led to the decline in turnover rate year after year.

—Substantial rural funds have flowed into cities and industrial departments resulting in the weakening of ABOC's fund-raising ability. Since this year, in order to develop urban industries, establish capital construction projects, and mitigate financial difficulties, many localities have adopted various forms to pool funds and absorb tremendous amounts of funds from the rural areas. According to the statistics of 26 provinces and cities, funds flowing from the rural areas into the industrial departments at and above city and county levels since the start of this year have reached 52.4 billion yuan. The decline of rural deposit growth directly reduced the source of purchasing funds, which became a vicious cycle. Since peasants were unable to receive money for the agricultural and sideline products they sold, how could they deposit money in the ABOC and credit cooperatives?

Additionally, in the first half of this year, bank loans increased relatively rapidly, and many of them were put into the construction of development zones and real

estate, which were unable to be recovered in good time for regranting in the latter half of the year.

Thus, the purchasing funds have been taken as a chunk of "fat meat" with low interest rates and convenient disposal so that people from various quarters wanted to have a share of it. No wonder the purchasing funds have become "as lean as a rake."

It is not difficult to note from all sorts of bitter experiences of the purchasing funds that there are old defects as well as new problems. The predicament that the purchasing funds are now in is nothing but an expression of contradictions.

A Concentrated Reflection of Various Contradictions in the Economic Life

The problem of funds for purchasing agricultural and sideline products is very complicated. It is restricted by the overall situation of the operation and development of the national economy but, because of its special importance to agriculture and peasants, it will eventually affect the economic life. There are still more profound causes and complicated contradictions behind the abnormal directions in which the purchasing funds have gone as above stated, no matter which direction they took.

The slowness of transfers and sales in grain and cotton is directly related to the adjustment of the variety structure of farm produce, and to that of industrial structure. According to a briefing by relevant departments, not all the grain is overstocked. The price of maize is rising, soybean is quite salable, and sales of japonica rice [round-grained nonglutinous rice] are brisk. It is mainly the indica rice [long-grained nonglutinous rice] that is overstocked. Under the condition that the total demand and supply are basically balanced, no one shows any interest in the high-yield, early indica rice. But, the adjustment of structure takes time and, even if the high-yield fine quality variety has been developed, it will not very quickly have the seeds bred and techniques disseminated. The issue is even more conspicuous with cotton. Last year, cotton had a bountiful harvest, but it happened to run up against the structure readjustment of the textile industry, in which production was restricted and stock reduced so that the industry was not in a position to digest so much cotton. As a result, before the old stock was transferred from the warehouses, the new one had to be stored.

The path of account settlement is impeded, and the default in the payment of proceeds is serious. One of the major causes lies in the existing management structure of the purchasing funds. At present, the said management is split in the middle. The purchasing departments at the basic level under county jurisdiction generally have their accounts opened with the ABOC, while grain transfer and allocation departments at and above county levels mostly have accounts with the Industrial and Commercial Bank of China (ICBC). The payment of proceeds accepted by these units should be remitted to the ABOC

through the ICBC. Since the chain is long, there are plenty of loopholes in it. The specialized banks set up barriers between themselves, and there are quite a few examples of their practices of detaining or returning remittances, and intercepting and taking possession of funds for grain transfers and sales. Although there are notable advantages of allowing only one bank to administer the purchasing funds, and there have been successful experiences in some selected sites for experiments at that, the present system involves the coordination of interest relationships between the two banks, and no result has been yielded given the appeals for coordination made for many years.

After the practice of separate financial management, various localities had their own economic interests to safeguard. In grain producing areas, production is concentrated, and there is great pressure on the purchasing funds and storage; while in marketing areas, though there is consumption year round, under the present condition that it is a market for buyers, departments concerned are unwilling to buy so much grain and hold up their own storing space and funds. Some local governments even went so far as to inquire into the reason why the grain was not bought on credit, giving the implication that the money might have been used for other purposes.

As for the problem regarding the loss of rural funds which is particularly serious this year, it concerns even more closely with the guiding ideology of the policy-makers in various localities on economic development. Cities must advance, so must industry, but should they advance at the expense of agriculture and peasants' interests? Agriculture, the foundation that bolsters the economic development, is still very weak now, and can it stand the tests of big ups and downs?

The problem of tight purchasing funds this year has elicited the close attention of the state, which has called for all localities, governments, and banks, as well as financial, commercial, and other relevant departments at different levels to make definite their respective responsibilities and adopt vigorous measures to make ways for purchasing agricultural and sideline products by collecting, screening, allocating, and granting funds according to specific circumstances in a bid to ensure sufficient funds raised for their procurement. The prospects for tiding over this year's difficulty seems optimistic. But, how about next year? And the year after? Perhaps it will be very difficult to go on depending upon the administrative fiat and makeshift measures year in and year out.

At present, great changes have taken place in the mode of grain circulation, the price control over grain and edible oil has been relaxed in many places throughout the country, and the portion of purchase under the state plans has increasingly reduced. Hence, the policy on supply of purchasing funds should be adjusted, and the old practice of banks taking on sole responsibility for the funds used to purchase at both original and negotiated prices should be changed. Relevant experts from the

ABOC suggested that the supply method of "dealing with each case on its merits and ensuring the key point" be adopted in the state's fixed quotas of grain and edible oil purchases, exclusive items of reserves, and purchases of grain and edible oil at negotiated prices, thereby, priority must be given to some cases and, in other cases, the amount of loans must be ascertained according to the condition of sales. In the course of the transformation from the old structure to the new, how to protect peasants' interests and simultaneously push the producers, operators, and consumers into the market as quickly as possible is a new subject to all. To have the purchasing funds extricated from the predicament, there is no other way but to unflinchingly push forward the reform in various facets.

Grain Subsidies Cut by Nearly \$2.5 Billion

HK1112023092 Beijing CHINA DAILY in English 11 Dec 92 p 1

[Text] China has succeeded in slashing its huge grain subsidy by nearly \$2.5 billion so far this year, thanks to the easing of price controls, a national conference in Beijing was told yesterday.

This year has seen the country's grain market become ever more lively, following a series of moves by local governments across China to ease control on food prices, according to the Ministry of Commerce.

As a result of ongoing price reform, the decades-old State monopoly of grain distribution is making way to a multi-channel distribution network built upon numerous grassroots grain markets—with the national wholesale and futures markets playing a guiding role.

Since this year's total crop output is expected to reach 440 million tons, the government is also trying to help farmers sell their surplus crops through market channels, instead of to the State granaries as before.

In April, the government authorized the easing of price controls which encouraged farmers to continue planting.

Ministry statistics show State-run grain firms and rural cooperatives have set up more than 1,000 wholesale grain markets around the country.

Eleven central and provincial-level grain wholesale markets have opened in Zhengzhou, Harbin, Changchun, Wuhan and other cities, with more than 4.3 million tons of grain and edible oil changing hands.

The moves ease the circulation of grain beyond the State's purchasing limits, said Bei Meiqing, Vice-Minister of Commerce, at the National Grain Work Conference which opened in Beijing on Wednesday.

To help farmers find better ways of selling their grain, governments at various levels are investigating ways of formulating a national grain marketing distribution network.

In Anhui Province, to help change the State-monopolized grain distribution system and foster the province's fledgling grain markets, the provincial authorities are encouraging private businessmen to buy and sell farmers' grain.

As a result, in Fengyang County, formerly a renowned poor area, private businessman Gao Yunhua bought and sold more than 15 million kilograms of grain, equal to the working requirement of 10 township grain shops.

According to the vice-minister, his ministry is concentrating on fostering the emerging grain markets in a bid to gradually commercialize the nation's grain.

More than 400 counties and cities, with a combined population of 200 million, have completely freed their grain prices, leaving them to be regulated by market demand and supply.

Thanks to the easing of grain prices, Bei said, State expenditure on grain subsidies has greatly decreased, saving 14.9 billion yuan (\$2.5 billion) by November.

State Orders To Be Placed for Important Materials

HK1012153792 Hong Kong CHING CHI TAO PAO in Chinese No 47, 30 Nov 92 p 23

[From the "China Economic News" column]

[Text] According to information from relevant departments, the state will place orders for some important materials for which mandatory distribution plans have been canceled, such as sedans, rubber, tires, aluminum products, copper products, and pig iron.

State orders are a form of purchasing goods which are mainly intended to meet some special needs (such as key production and construction projects, the defense industry, rescue operations, and material reserves) and to regulate market supply and demand, and by which the state will entrust relevant departments or arrange customers to directly purchase and procure important materials from production units. Supply prices are, in principle, determined through negotiation by the supplier and the buyer, or through state coordination when necessary. The variety and quantity of particular state-ordered goods are determined through negotiation between the State Planning Commission and relevant departments. For products whose mandatory distribution plans have been canceled and which are totally regulated by the market (such as sodium carbonate, sodium hydroxide, sulphuric acid, tin, and lead), the state retains the priority purchasing right to meet contingency needs.

State Council Gives Tax Break for Wall Materials

OW0912140792 Beijing XINHUA Domestic Service in Chinese 0133 GMT 2 Dec 92

[By reporter Sun Jie (1327 2638)]

[Excerpt] Beijing, 2 Dec (XINHUA)—A circular approved and transmitted by the State Council recently has clearly stipulated: Building-materials plants in China that produce new types of wall materials will enjoy tax benefits and the right to set the prices of their products.

The circular approved and transmitted by the State Council is about the opinions of the State Administration of Building Materials Industry and other departments on accelerating the innovation of wall materials and popularizing energy-conserving architecture. [passage omitted]

Banking Reform To Eliminate Central Planning

HK1012011192 Beijing CHINA DAILY in English 10 Dec 92 p 4

[Article by Chen Xiao: "Banking Reform Will Eliminate Central Planning"]

[Text] As the introduction of the market economy is well under way across the country, China is ready to put an end to the centralized planning practices in its banking business. It is going to introduce more economic levers into monetary policy to regulate lending.

The success of the reform depends, in the first place, on the establishment of a new banking system, since the current infrastructure of applying economic levers is tatty.

"Under the new banking system, interest rate will be decided by market, funds be regarded as a commodity instead of government allocation, the central bank will control the economy indirectly and the specialized banks will become truly commercial," said Zhou Zhengqing, vice-president of the People's Bank of China (PBOC).

The State Council began to change the old banking system in September 1983, when it declared PBOC the country's central bank.

Meanwhile the central government decided to establish Industrial and Commercial Bank of China. This is one of the country's five largest specialized banks. The other four are: Bank of China, Agricultural Bank of China, People's Construction Bank of China, which were set up at the end of 1970s, and Bank of Communications which was reorganized in 1986. At that time reform was also scheduled to define different functions of the central and the specialized banks.

The reform, however, was suspended in late 1988, when China had to slow down its reform pace to fight against high inflation.

Now that the three-year austerity programme (1988-91) has curbed inflation and balanced supply and demand, the country can put its right hand to furthering the reform.

"First and foremost, China is going to establish one or more national banks to specialize in policy loans," said

Zhao Haikuan, director of the Research Institute of Finance and Banking under PBOC.

Policy loan is a long-term debt with low interest rate and usually goes to government-supported economic activities, which are usually not profitable in a short period of time. Normally a policy loan is doubtful. The difference between a policy loan and financial allocation is that the latter is interest-free input by the government.

Specialized policy-loan banks exist in Japan, but in Western countries they are few. This is because the East and the West hold different attitudes toward financial markets.

It is believed in Western countries that a market is fair to anyone, loans can be taken through financial markets and governments need not step in; but the East holds that government's role should not be neglected in a market economy.

"The establishment of such banks in China is aimed at separating policy loans from commercial loans and at freeing specialized banks from lending policy loans," Zhao said.

Caught in the middle, China's central and commercial banks are not worthy of their names.

"This is one of the biggest problems in banking," said the director.

At present, the central bank is also lending loans, which should be done by commercial banks, to enterprises. The central bank should be the "referee" of the game, he stressed. Unfortunately, it plays the game at the same time, he added.

Meanwhile the specialized banks are giving policy loans, which account for 30 percent of their total business.

After the Party's 14th National Congress last October, the central government announced that the specialized banks, which are half government units and half enterprises at present, should be commercialized. This view had long been advocated in economic circles.

The policy-loan banks will also do the credit business, which is now taken care of by the Ministry of Finance.

"It can help stop the ministry's banking business and quiet down the quarrel between PBOC and the ministry," Zhao said.

"To establish joint-stock commercial banks is another step in the banking reform," said Zhou Zhengqing. At present, the government should encourage the establishment of co-operative banks in urban areas, he said.

"Meanwhile, the central bank is drawing a banking law," he said. Bankers predicted that the law will probably be issued in the first half of next year.

In addition, economists have suggested the government turn long-term loans to enterprises—usually doubtful

loans—into investments. It could ease the burden of enterprises, many of which are unable to pay interest at all.

The investments in the firms which will become joint-stock companies can be transformed into shares to be held by banks.

The investments in the firms that cannot introduce a share-holding system can be regarded as long-term and low-interest bonds.

Moreover, bankers advocate that the central bank or PBOC should be put directly under the jurisdiction of the legislature, namely, the Standing Committee of the National People's Congress, instead of the State Council.

If the central bank continues to be controlled by the government, which takes in money with one hand and spends it with the other, inflation will still be probable.

"Before the completion of the banking reform, China has to primarily take administrative measures in its monetary policy," said Zhou Zhengqing.

A major one is to continue to limit bank loans.

Started in 1985, the measure succeeded in controlling the money supply, which brought down the inflation rate from 18.5 percent in 1988 to 2.1 percent in 1990.

Under the lopsided economic system, economic levers sometimes cannot achieve expected results. For instance, China raised the interest rates of loans for several times to control soaring demand of loans. But producers who were slow in reacting to economic signals in the market still continued to borrow.

In the West, three instruments are usually used to control monetary lending—open-market operations, discount rates and reserve requirements.

"But China is not ready to use these tools," said Zhao Haikuan.

In terms of open-market operations, a country's central bank can sell or buy State bonds to decrease or increase money in circulation. Usually about 60 percent of assets in Western countries' central banks are State bonds. But China's central bank does not hold enough bonds to use the tool.

One condition of using the tool of discount rates is the existence of a commercial acceptance market. But the market is too immature in China.

Although China is using the third tool—reserve requirements—its function is different from that in the West.

"But China is considering to use the three policy instruments to embrace market economy when the conditions are improved," and Zhou Zhengqing.

Circular on Border Trade Management Issued
HK1112113892 Beijing ZHONGGUO XINWEN SHE
in Chinese 1106 GMT 2 Dec 92

[Report: "Ministry of Foreign Economic Relations and Trade and State Administration for the Inspection of Import and Export Commodities Issue Circular on Strengthening Border Trade Management"]

[Text] Beijing, 2 Dec (ZHONGGUO XINWEN SHE)—The Ministry of Economic Relations and Trade and the State Administration for the Inspection of Import and Export Commodities recently issued a circular calling on all relevant departments across the country to step up macroscopic guidance, regulation, and control of border trade with a view to "promoting border trade on the basis of improved product quality."

The circular stated: All import and export commodity inspection departments across the country must not only conscientiously examine and inspect commodities but also simplify procedures, thus speeding up the inspection and approval work. At present, the commodity inspection departments should mainly focus efforts on catching false, counterfeit, and substandard commodities, inspecting commodities relating to safety and sanitation, and bulk commodities.

It is learned that over the past few years, China's border trade has rapidly developed on an unprecedented scale and speed. According to incomplete statistics, more than 100 border trade ports have been opened up in the six provinces and autonomous regions of Heilongjiang, Jilin, Inner Mongolia, Xinjiang, Yunnan, and Guangxi. By the end of September 1992, the import and export volume of China's border trade had topped 12 billion yuan, representing a nearly 300 percent increase over 1989.

In order to cope with such rapid border trade development, the departments for the inspection of import and export commodities across the country have actively carried out inspection, supervision, and management of import and export commodities relating to border trade. They have made unreserved efforts in improving both control of and services for these commodities in light of their actual local conditions. In June this year, the State Administration for the Inspection of Import and Export Commodities issued: "Regulations for the Inspection and Management of Import and Export Commodities Relating to Border Trade." It has also stepped up inspection and management through both cooperation and coordination with other departments concerned. As a result, a batch of substandard commodities earmarked for border trade have been ferreted out.

At present, due to a multitude of border trade ports, excessively long border trade lines, and a large number of disorganized border trade channels, and, due to the fact that some border trade enterprises still lack both the mentality of "seeking development on the basis of

product quality improvement" and well-trained personnel, certain commodities of poor quality are still finding their way out of the country through border trade. This is indeed a glaring problem. The export of false, counterfeit, and substandard commodities to foreign countries has left others with a bad impression about Chinese products. The circular jointly issued by the Ministry of Foreign Economic Relations and Trade and the State Administration for the Inspection of Import and Export Commodities called on all departments concerned to step up quality inspection as well as management of import and export commodities relating to border trade, work out development plans, and overcome short-term behavior. It demanded that all companies involved in border trade strictly abide by state laws and policies; operate within the framework of the law; do not buy or sell false, counterfeit, and substandard commodities; constantly heighten management standards; improve personnel quality; and strive to embark on regularized and standardized business operations in accordance with common international trade practices as soon as possible.

Improved Hong Kong Investment Solicitation Urged

HK1012070292 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0836 GMT 26 Nov 92

["Special feature" by Zhao Wen (6392 2429)]

[Text] Hong Kong, 26 Nov (ZHONGGUO TONGXUN SHE)—Since the beginning of this year, provinces and cities on the Chinese mainland have sent big economic and trade delegations to Hong Kong to solicit investments. This has played a positive role in promoting their pace of reform and opening up as well as economic and trade development. But the relevant Chinese Government department should pay attention to the negative effects arising in this respect.

This writer analyzes that the negative effects mainly find expression in the following aspects:

1. There is a lack of overall planning and a tendency toward vicious competition has emerged. The economic and trade delegations sent to Hong Kong to solicit investments are of provincial, city, and county levels and some are even of district and township levels. It is often the case that many localities carry out investment-soliciting activities at the same time. To encourage foreign investors for competition, various localities have proposed all sorts of preferential policies and "flexible measures." As a matter of fact, vicious competition, or a tendency for it, has arisen. In the short run, various localities will be happy about the amounts of foreign capital they introduce; but in the long run, this will produce unfavorable impacts on the country's overall interests and local economic and trade development. The rush for the construction of "industrial development zones" in various localities, "duplicate introduction of

foreign-funded projects," the "loss of control over real estate development," and other problems are all related to this.

2. Investment-soliciting activities remain in form only and the loss outweighs the gain. The investment-soliciting delegations sent by various localities are big and comprise several hundred members. The costs for their food and accommodation in Hong Kong are exuberant. But as the writer observed and learned, half or most of the economic and trade contracts signed during these delegations' activities in Hong Kong had already been discussed properly before their arrival in Hong Kong. Thus, these investment-soliciting activities remain in form only or serve only as commodity sale exhibitions. Upon arrival on the investment-soliciting sites, some foreign investors said with a sigh: "This kind of trade talk is more like an exhibition than soliciting investments."

People cannot help asking: When carrying out large-scale reform and streamlining administration, is it necessary to adopt a mass-scale tactic like waging a large-formation war? Is it a little out of keeping with the times? Can the gain from these investment-soliciting activities outweigh the huge cost?

A situation of omnidirectional opening up to the world has now emerged on the Chinese mainland and the role of these investment-soliciting delegations in Hong Kong is obvious for all to see and doubtless promotes economic and trade development. These activities should be continued in the future, but the relevant Chinese department should consider how to strengthen overall arrangements for these activities so as to improve their economic results and reduce or prevent the emergence of negative effects.

Commentary Discusses Need for Qualified Personnel

OW1012134792 Beijing XINHUA Domestic Service in Chinese 0706 GMT 3 Dec 92

[Commentary: "Valuing Qualified Personnel Is the Crux to Developing Rural Market Economy"]

[Text] Beijing, 3 Dec (XINHUA)—According to the demand of the 14th CPC National Congress, our country's rural areas must accelerate the pace of economic reform for establishing the socialist market economic system. The crux of this reform lies in valuing and utilizing qualified personnel in order to bring out their greatest possible capabilities.

Market competition boils down to competition in science and technology and among qualified personnel. With qualified personnel, markets will be won. Conversely, markets will be lost without qualified personnel. In our country's regions where market economies are developing, the issue of valuing knowledge and qualified personnel has been fairly well addressed. Market economy is a competitive economy. Competition pushes

people to value knowledge and qualified personnel. More competition can better demonstrate the value of qualified personnel. Competition spurs people to closely combine qualified personnel and knowledge with the market. In particular, under our country's increasing rural modernization, one will control and conquer the market if one's products are of a high scientific and technological standard and of excellent quality, and if one is brilliant in operations and well-informed. On the other hand, stagnant sales and stockpiling may occur, and one may even suffer a total loss. In such regions as the Zhujiang, Changjiang, and Minnan deltas, as well as the Shandong and Liaodong peninsulas, where market economy and village and town enterprises have developed, the peasants and village and town entrepreneurs revere qualified personnel as their most valuable treasures. That is why they have spent great sums of money in employing and utilizing qualified personnel. The number of various high-ranking qualified personnel employed with large sums of money by Daqiuizhuang of Tianjin Municipality's Jinghai County alone has reached over 1,600. This is an important material base responsible for Daqiuizhuang's 4-billion-yuan worth of industrial output value this year. There are thousands of such examples of our country's villages that value and utilize qualified personnel.

In valuing qualified personnel, we should first emancipate the mind. Once the mind is emancipated, qualified personnel are readily available. It is important to spend large sums of money to employ all kinds of qualified personnel. However, we should not look only at qualified science personnel; we should also look broadly and select people from our locality who possess a particular skill. If we look at qualified persons in rural areas from a traditional point of view, they will invariably have some shortcomings. We should take an overall look at them instead of demanding perfection in them, and boldly employ them as long as they possess a particular skill. Many results since rural reform started have demonstrated that it is usually these locally born and bred people who carry out great accomplishments. Apart from this, we should spend some money in conducting special training, which is another channel for obtaining qualified personnel.

The crux of valuing qualified personnel lies in boldly utilizing them. Intellectuals who are willing to work in rural areas do so not just to earn more money but because they are valued for their knowledge in a wide range of areas. They feel that their knowledge is truly utilized significantly in these areas and that their knowledge is more quickly converted into production and economic efficiency. Therefore, we should try our best to create conditions and provide them with all conveniences to fully exploit their talents so they will contribute toward promoting rural market economic development. Meanwhile, only when the rural economy is widely geared toward the market, can we basically solve the issue of valuing and utilizing qualified personnel and create a wider market.

Trade Union Federation Executive Committee Meets**Ni Zhifu Stresses Congress Guidelines***OW1012143392 Beijing XINHUA Domestic Service in Chinese 0418 GMT 5 Dec 92*

[By reporter Li Nianguai (2621 1628 6311)]

[Excerpts] Beijing, 5 Dec (XINHUA)—"It is necessary to diligently study and implement the guidelines of the 14th CPC National Congress, uphold the party's basic line, make economic construction the central task, comprehensively fulfill the four social functions of trade unions while promoting reform and opening up and establishing a socialist market economy, and mobilize and unite workers throughout the country to strive for the various tasks put forward by the 14th National Party Congress." These guidelines for the work of trade unions in 1993 were put forward by Ni Zhifu, chairman of the All-China Federation of Trade Unions (ACFTU), at the fifth session of the 11th ACFTU Executive Committee, which opened today.

He said: The top priority for trade union organizations and cadres at all levels at the present time and for some time to come is to diligently study, publicize, and implement the 14th Congress guidelines; to be armed mentally with Comrade Deng Xiaoping's theory on socialism with Chinese characteristics; and to unify the thinking and action of trade union cadres and workers at large on the basis of the 14th Congress guidelines. [passage omitted]

He called on trade unions at all levels to play an active role in quickening reform and opening up and facilitating the establishment of a socialist market economy. He said: We should take the initiative to step up efforts to coordinate labor relations, go all out to participate in and promote reforms aimed at changing the management mechanisms of large- and medium-sized state enterprises, and broaden the horizon, enrich the contents, and readjust the structure of our work.

Discussing the question concerning the need to wholeheartedly rely on the working class and ensure the status of workers as the masters, he emphatically pointed out: To wholeheartedly rely on the working class means to fully respect the status of workers as the masters, protect their lawful rights and interests, harness their enthusiasm and creativity, strengthen their supervision over the party and the government, and enhance their ideological and political awareness and their level of science and general knowledge. He noted: The emergence of different ownership forms and management methods today has resulted in diversified forms for materializing, at varying degrees, workers' status as the masters. Effective judicial supervision is still needed to ensure the status of workers and their lawful rights and interests in some enterprises. For example, a basic law for protecting workers' rights and interests in labor, such as a "Labor Law," still does not exist. In the course of changing enterprise management mechanisms, some units treated

their workers with an "iron heart, iron face, and iron hand," regarding the leaders of reform as the targets of reform. In some foreign-funded enterprises, workers are deprived of the right to join trade unions, while personal injuries caused by accidents under extremely poor working conditions and incidents of serious encroachments upon workers' lawful rights and interests are frequent occurrences. He said: All these have adversely affected the working class' creativity and full utilization of workers' wisdom and talent. Solving these problems requires the joint effort of the whole party and the entire society, especially trade unions.

He said: State and collective enterprises are publicly owned enterprises. Regardless of changes in management mechanisms, the status of workers as the masters of enterprises will not and cannot be changed. While experimenting with the shareholding system, these enterprises remain the mainstream of public ownership—their socialist nature does not change and neither does their workers' status as the masters. Workers of foreign-funded enterprises and privately owned enterprises, who work for these enterprises as the masters of the country, are different from laborers employed under the capitalist system, and their legitimate rights and interests and personal rights should be respected and safeguarded. Serious violations of workers' legitimate rights and interests and personal rights must be sternly dealt with according to law.

ACFTU Congress Slated for 1993*OW1112112992 Beijing XINHUA Domestic Service in Chinese 0706 GMT 9 Dec 92*

[By reporter Li Nianguai (2621 1628 6311)]

[Text] Beijing, 9 Dec (XINHUA)—The 11th Executive Committee of the All-China Federation of Trade Unions (ACFTU) ended its fifth session here today. The session decided to hold the 12th ACFTU National Congress in Beijing during the fourth quarter of 1993.

The Executive Committee asked trade union organizations at all levels and the vast numbers of workers to conscientiously study and implement the guidelines of the 14th CPC National Congress; bring into play the role of the working class as the main force in accelerating the pace of reform, opening to the outside world, and modernization; and, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the nucleus, unite together to make greater contributions to building socialism with Chinese characteristics and to greet the opening of the 12th ACFTU National Congress.

The Executive Committee also approved a decision to dismiss Wang Meiling and 14 other comrades as members of the 11th ACFTU Executive Committee and replace them with Ma Xicai and 14 other comrades and to dismiss Ma Xingyuan and four other comrades as members of the 11th ACFTU Budget Examination Committee and replace them with Wan Guimei and four other comrades.

East Region

Jiangxi Promotes Surplus Labor Force Exports

HK1112094792 Nanchang Jiangxi People's Radio
Network in Mandarin 1000 GMT 1 Dec 92

[Text] In recent years, labor and employment departments at all levels in our province have been promoting a full-scale labor service exports at all levels and through various channels. Labor service exports have been developing very rapidly. By the end of November of this year, labor and employment departments at all levels throughout the province exported more than 500,000 persons to those coastal open and developed areas and abroad, and annually earned more than two billion yuan from labor service exports. Labor service personnel exported by our province mainly consist of youths waiting for employment and rural surplus labor force. Most of them are engaged in garment and shoe-making work and capital construction in foreign-funded, collective, and private enterprises. To enable our labor service export undertaking to move in a positive direction, and to enable our exported labor service personnel to become competitive, labor and employment departments at all levels in our province have promptly established organs responsible for collecting information and feedback to actively provide guidance for labor service exports. In the meantime, labor service exports have been integrated with employment training to attach importance to the quality of exported labor service personnel. Before exporting them, we provide them with training in policy and skills so that they are familiar with labor laws and policies, and able to enhance their capability in protecting themselves according to law. All this has effectively created conditions that enable them to be competitive in labor service markets in other provinces and foreign countries as well.

Shanghai Congress Makes Appointments, Dismissals

OW1112032792 Shanghai JIEFANG RIBAO in Chinese
28 Nov 92 p 1

["Municipal People's Congress Standing Committee Meeting Ends"—JIEFANG RIBAO headline]

[Excerpts] The 38th Meeting of the Standing Committee of the Ninth Municipal People's Congress that concluded yesterday adopted the "Shanghai Municipality Procedures for Implementing the 'Law of the People's Republic of China for Protecting the Interests of Returned Overseas Chinese and their Dependents.'" [passage omitted]

The meeting made the following appointments and removals:

Appointments: Hua Jianmin [5478 1696 3046] as director of the Municipal Planning Commission; Yang Xiaolin [2799 1420 2651] as director of the Municipal Construction Commission; Wang Zukang [3769 4371

1660] as director of the Municipal Foreign Economic and Trade Commission; Jiang Guangyu [1203 0342 5940] as director of the Municipal Textile Industry Bureau; Zhang Linjian [1728 2651 0313] as director of the Municipal Instrument, Meter, and Telecommunications Bureau; Cui Shanjiang [1508 0810 3068] as director of the Municipal Administration for Industry and Commerce; Wang Zhongwen [3769 0022 2429] as director of the Municipal Public Utilities Bureau.

Removals: Xu Kuangdi as director of the Municipal Planning Commission; Wu Xiangming as director of the Municipal Construction Commission; Sa Lin as director of the Municipal Foreign Economic and Trade Commission; Mei Shouchun as director of the Municipal Textile Industry Bureau; Song Yiqiao as director of the Municipal Instrument, Meter, and Telecommunications Bureau; Zhu Chongbin as director of the Municipal Administration for Industry and Commerce; Cai Junshi as director of the Municipal Public Utilities Bureau. [passage omitted]

Shanghai Firm To Become Shareholding Entity

OW1112092492 Beijing XINHUA in English 0907
GMT 11 Dec 92

[Text] Shanghai, December 11 (XINHUA)—The Shenyin Securities Company in Shanghai, China's largest metropolis, will be changed into a shareholding entity, with the approval of the People's Bank of China.

Kan Zhidong, general manager of the company, said that after adopting the shareholding system, the company will increase its registered capital from 135 million yuan to 600 million yuan, or 600 million shares, which will be sold at 1.25 yuan per share with premium.

Kan said that the company's shares will be sold to enterprises both at home and abroad, adding that many noted enterprises expressed the intention to buy shares.

A subsidiary of the Shanghai Municipal Industrial and Commercial Bank and set up in 1984, Shenyin is one of the four securities companies in Shanghai.

In the past eight years, the company has issued 11.85 billion yuan worth of commercial paper, including 7.886 billion yuan of shares and 3.968 billion yuan of bonds.

In the past eight years, its securities turnover has amounted to 14.64 billion yuan. In the first 11 months of this year, its securities turnover at the Shanghai Securities Exchange exceeded 10 billion yuan, the highest among China's securities companies.

Zhejiang People's Congress Committee Adjourns

OW1112120692 Hangzhou Zhejiang People's Radio
Network in Mandarin 1030 GMT 5 Dec 92

[From the "Provincial News Hookup" program]

[Text] The 32d meeting of the Seventh Provincial People's Congress Standing Committee ended this afternoon. The meeting examined and approved a report on credentials of deputies to the Eighth Zhejiang Provincial People's Congress. Thus, the validity of credentials of 759 deputies to the Eighth Provincial People's Congress has been confirmed. Vice Chairman Wu Minda chaired the meeting.

The participants held: Under the leadership of the provincial party committee and party committees at various levels, all cities and counties called meetings of people's congresses in late November to elect deputies to the Eighth Provincial People's Congress. The election was conducted according to the legal procedures and in a democratic way. All the 759 deputies elected to the Eighth Provincial People's Congress have met the qualifications prescribed in the Election Law and the Procedures for Electing Deputies from the Chinese People's Liberation Army to the National People's Congress and Local People's Congresses at Different Levels. Their credentials are valid.

In addition, the participants earnestly deliberated a provincial government report suggesting adjustment of the major economic targets of the 10-Year Program and the Eighth-Year Plan, discussed a work report of the provincial government, and put forward a number of opinions and suggestions.

Chairman Chen Anyu and Vice Chairmen Wu Zhichuan, Li Yuhua, Zhu Zuxiang, Wang Yumin, and Yang Bin attended, and Wan Xueyuan, Yuan Fanglie, and others attended the meeting as observers.

Southwest Region

Xiao Yang Appointed Vice Governor of Sichuan

OW1112102892 Beijing XINHUA Domestic Service in Chinese 0921 GMT 28 Nov 92

[Text] Chengdu, 28 Nov (XINHUA)—Xiao Yang [5135 4441] was appointed vice governor of Sichuan Province at the 32d meeting of the Standing Committee of the Seventh Sichuan Provincial People's Congress yesterday.

Born in 1929 in Langzhong County, Sichuan Province, Xiao Yang is a member of the Han nationality and has had a college education. He began his work in 1947 and joined the CPC in the same year. He served as director of the Beijing Glass Factory, secretary of the factory's party committee, vice chairman of the Beijing Municipal Economic Commission, vice mayor of Chongqing City, and deputy secretary of the city party committee. He is now deputy secretary of the Sichuan Provincial CPC Committee, secretary of the Chongqing City Party Committee, and alternate member of the CPC Central Committee.

Tibet Residents Using Solar Energy

OW1112104992 Beijing XINHUA in English 1014 GMT 11 Dec 92

[Text] Lhasa, December 11 (XINHUA)—Residents in Tibet are now turning to employ solar energy in cooking, lighting, bathing and raising vegetables.

According to experts, Tibet is rich in solar energy and the time of sun shining in a year is more than 3,000 hours.

Over the past two decades, the Chinese Government has allocated tens of millions of yuan to the development of solar energy and in 1990, the state invested 150 million yuan to a "Sun Shining" program which is planning to popularize the use of solar energy stoves, solar energy heated houses, and solar energy power stations.

Chen Zhengrong, director of the Tibet Regional Center of Solar Energy Research, said that by the end of July, there were more than 20,000 solar energy stoves and about 2,500 solar energy electric lamps which found application in residents' houses.

Now the area of solar energy heated rooms and sheds in Tibet has reached more than 700,000 square meters in which tens of millions kilograms of vegetables are raised.

There are also about 200,000 square meters of solar heated houses in residential areas and several solar energy power stations in the region.

North Region

Activities of Beijing's Chen Xitong Reported

Inspects Water Facilities

SK1112051092 Beijing BEIJING RIBAO in Chinese 29 Nov 92 p 1

[By correspondent Wang Zengmin (3769 1073 3046): "Go All Out to Fight the Annihilation Battle of Building Water Conservancy Facilities Before the Coming of the Severe Frozen Season"]

[Text] An upsurge of building water conservancy facilities has already been set off throughout the municipality. We should again mobilize the people to concentrate their efforts on fighting the annihilation battle of building water conservancy facilities. Now, only 20-odd days remain before the coming of the severe frozen season. The whole municipality should again make concentrated efforts to build water conservancy works before the coming of the severe frozen season in order to finish as many works as possible this winter, rather than delaying the work to next spring. This is the demand set by Mayor Chen Xitong on all cadres and the masses in the municipality on 28 November at the construction site of the third-phase Chaobai He harnessing project in Shunyi County.

Together with Li Qiyang, deputy secretary of the municipal party committee, Huang Chao, commander of the municipal headquarters for building water conservancy facilities this winter and next spring, Li Zhijian, political commissar of the headquarters, Qin Tao, deputy commander of the Beijing Garrison District, and Meng Zhende, director of the Beijing People's Armed Police Force; Chen Xitong, mayor of Beijing Municipality, led responsible persons of various pertinent departments, commissions, offices, and bureaus to inspect how water conservancy projects were being built in the suburbs of Beijing, to observe the worksites of the projects to harness Nansha He, Beisha He, Mangniu He, Chaobai He, and the North Yun He, and to inspect the land leveling worksite of the 1,050-mu orchard in Changping County's Cuicun township.

These municipal leaders first travelled to the worksite of the second-phase project to harness Nansha He in Haidian District, which was completed last year. They all were very excited when they found that willows were lined up along the both sides of Nansha He, that the river surface was so wide, and that the scenery was as beautiful as in a painting, and after they were told by comrades of Haidian District that this area already became the place where foreign firms were vying with one another to make investment in building villas. Chen Xitong said: "A place can attract persons if it has rivers, roads, and trees. A place cannot be beautiful without rivers and trees. It is wrong that some people do not like to plant trees. With trees, rivers, and roads, a place can begin to have economic, environmental, and social benefits." These municipal leaders inspected the worksite of the fifth-phase Nansha He harnessing project that was under construction.

After hearing a report at the worksite of the Beisha He harnessing project in Changping County, Chen Xitong said: In my opinion, the seven-meter-wide dam road is a little bit narrow. Narrow roads are unsuitable for economic development. If we work out plans for broadening the road, it will provide convenience to later generations. This issue should be handled in an even, prudent manner.

Chen Xitong walked near to machines at the worksite of the Beisha He harnessing project, and visited drivers of excavators and trucks. He cordially asked drivers about their age and work places. On hearing that the driver called Li Xinxian was working for the plant construction bureau of the Ministry of Railways, Chen Xitong said excitedly: "You have even put to use the machines of the Ministry of Railways. Thank you, thank you very much!"

At the land leveling worksite of the 1,050-mu high-standard orchard in Changping County's Cuicun Township, Chen Xitong said: We cannot become rich even we embroider the land into flowers. We should invest money to build orchards on the land or to engage in industry and processing.

After seeing that the ratio between the bottom and the slope of Mangniu He in Huairou County's Hongluo Town was only 1 to 1.5, Chen Xitong worried that several years later such a steep river slope might be washed out and collapse. Thus, he suggested that technical personnel of water conservancy departments should do research for this problem again. He said: If we occupy fewer land just for treasuring the land, the result at last is to occupy more land and the job will have to be done over again. In repairing roads, afforesting the land, and building water conservancy facilities, not treasuring the land means treasuring the land. We should simply finish the work only once, and should not cause new waste. When Chen Xitong saw that only large machines were working at the construction site of the Chaobai He harnessing project, he asked Zhang Jinduo, secretary of the Shunyi County Party Committee why machines only were being used. Zhang Jinduo replied: "It is economical to use machines. We must pay 10 yuan to one laborer per day, and one laborer can dig only one cubic meter of earth a day, while we only pay 2 yuan per day to use a machine and machines will work even better."

Li Qiyang said: The increase in the price of labor force is connected with the level of economic development. Now we are using high-class means to do high-level work.

Chen Xitong added: This makes us understand the fact that at present, the price of Beijing's labor force is relatively high and thus we cannot afford to use manpower. However, we can afford to use machines, which means that our force of mechanization has become strong and our economic strength has been enhanced. With this superiority, the speed of construction should be even faster, construction skills should be even more agile and produce beautiful things, the quality of construction should be even higher, and the funds should be used even more economically.

Chen Xitong said: Beijing Municipality should successfully harness two rivers—Chaobai He and Yongding He. Completing the building of Miyun and Guanting reservoirs is just the completion of the first part of the water conservancy projects. Only after we complete the harnessing of rivers can we realize the aspirations of Beijing dwellers. It is also our historical mission. In addition, we should thoroughly put under control Liangshui He, Tonghui He, and Dongba He, which are the "roundworms" entrenched within the belly of Beijing. Beijing's water problem cannot be solved until we complete all these projects.

Municipal leaders also inspected the reinforcement project of the left dam of the North Yun He, which had already been completed, and Bali Bridge spanning Tonghui He.

Greets Returning Investment Group

SK1112063292 Beijing BEIJING RIBAO in Chinese 4
Dec 92 p 1

[By correspondents Bi Kun (3968 2492) and Wang Yonghua (3769 3057 5478): "Delegation of Beijing Investment and Trade Talks Triumphantly Returns"]

[Excerpts] The delegation of the Beijing investment and trade talk returned to Beijing on the afternoon of 3 December bringing back from Hong Kong fruitful results of inviting investment. Leaders of the municipal party committee and government, including Chen Xitong, Li Qiyang, and Lu Yucheng, greeted the delegation at the airport. Amid a warm atmosphere, Chen Xitong and other leaders shook hands with leaders of the delegation, including Zhang Jianmin, Zhang Baifa, Wang Baosen, Tie Ying, Huang Jicheng, and Wan Siquan, to congratulate them on the success of the trade talk.

The results of the trade talk held in Hong Kong to invite investment were greater than expected. In just a few days, 275 contracts worth \$5.5 billion were signed, and the total volume of imported and exported commodities was \$160 million, higher than the volume achieved in Beijing's previous sales exhibitions abroad. Meanwhile, the Beijing Bid Committee for the Olympic Games in 2000 actively conducted propaganda to win the understanding and support of overseas friends for Beijing's bid to host the Olympic Games. [passage omitted]

Upon returning to Beijing, Zhang Jianmin said to the reporters on inviting investment in Hong Kong: To open wider to the outside world, we cannot just wait for guests to come. Instead, we should move out of Beijing. Hong Kong is one of the important financial and trade centers of the world and has cooperated with Beijing for a long time. We should not underestimate the effect created by going to Hong Kong to invite investment. More than 600 Taiwan businessmen made special trips to Hong Kong to attend the trade talk, and many overseas Chinese and foreign businessmen also attended. Facts have proven that it is very necessary to go to Hong Kong to invite investment. Speaking on the influence the trade talk will produce on the municipality, Zhang Jianmin said: Large amounts of funds are required in the sustained and speedy development of the economy, continued improvement of the urban outlook, and steady improvement of living standards. Lack of money is a major problem we face. Therefore, we should draw in foreign capital. Take real estate development for example. In this trade talk, contracts worth more than \$2 billion were signed for renovating more than 3 million square meters of old and shabby houses. This, in addition to housing reform and relocation of people, will help solve the housing difficulties of more than 40,000 households.

Wei Jizhong, secretary general of the Beijing Bid Committee for the Olympic Games in 2000, and responsible persons of pertinent municipal departments, were also present at the airport to greet the delegation.

Beijing Recruits More 'Quality' Party Members

SK1112063992 Beijing BEIJING RIBAO in Chinese 4
Dec 92 p 1

[By correspondent Sun Yushan (1327 3768 1472): "The Construction of Party Organizations Throughout the Municipality Has Been Continuously Enhanced"]

[Excerpts] Since the 13th CPC Congress and the sixth municipal party congress, the municipality's construction of party organizations at all levels has been continuously enhanced. Millions of party members on various fronts have played an important role in promoting the programs of reform, opening up, and modernization. [passage omitted]

In line with the principle of "upholding the standard, ensuring quality, ameliorating the structure, and of carrying out careful recruitment," party organizations at all levels throughout the municipality have actively trained or recruited a large number of advanced elements on various fronts into the party, who are good in politics and ideology and are keen on making progress. Of more than 160,000 new party members recruited over the past five years, many of them are intellectuals with the cultural standard of colleges and are of workers and peasants working on the forefront of production. More than 66,000 are of workers and account for 41.2 percent in the total, more than 11,000 are of peasants and account for 7.4 percent in the total, and more than 30,000 are of the specialized technical personnel of various categories and account for 18.7 percent in the total. Of these new party members, those with the cultural standard of high schools or above it account for 65.4 percent in the total and those under the age of 35 account for 60.6 percent in the total.

The cultural quality and age structure in the current rank of party members throughout the municipality have incurred a new change. Of party members across the municipality, 205,000 have the cultural standard of colleges and account for 21 percent in the total; 341,000 have the cultural standard of high schools or above (including junior colleges) and account for 34.9 percent in the total. Of 527,261 specialized technical personnel of various categories in the municipality, party members account for 33.1 percent in the total. The number of women party members and of those of various nationalities has also shown a greater increase. The number of youth party members under the age of 35 has reached 191,000 and accounted for 19.5 percent in the total, showing a certain increase over the figure scored five years ago.

In line with the demand of strictly running the party, various units have enhanced the education, management, and supervision conducted among party members. The municipality as a whole established the system of carrying out a democratic appraisal of party members in 1988 in line with the rules of the CPC Central Committee. The practice conducted over the past few years has shown that the system has very strong vitality. There

were 492,686 party members who were recommended to the democratic appraisal event in 1911, of whom, 35,538 were commended by the party organizations. 16,272 of

these awarded members were conferred with the title of outstanding member. Four hundred and ninety five substandard members received organizational sanction.

Taiwan's Arms Purchase From France 'Unwise'

HK1012023892 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 10 Dec 92 p 5

["Chats on Taiwan, Hong Kong, and Macao" column by
Wang Zaixi (3769 0961 1585): "An Unwise Move"]

[Text] France recently signed a contract with Taiwan to sell 60 Mirage-2000-5 fighter planes to Taiwan. This is another serious case subsequent to the U.S. Government's decision to sell F-16 fighters to Taiwan, which brutally interferes in China's internal affairs and seriously encroaches on Chinese sovereignty. This is a serious impediment and is destructive to the developing relations between the two sides of the Strait and even to China's peaceful reunification.

Since the beginning of the 1980s, the Chinese Government has always adhered to a policy of peaceful reunification and has taken the initiative in adopting a series of measures to ease the situation in the Taiwan Strait, thus gradually stabilizing the situation in the strait. There is

no threat to Taiwan's security at all. But under these circumstances, the Taiwan authorities have acted willfully and tried to practice "pragmatic diplomacy" by expanding their arms purchases from Western nations to maintain the state of separation. This is a very unwise move. The Taiwan authorities should not have used the Taiwan people's hard-earned money to practice "arms purchasing diplomacy." Apart from being unfavorable to the further development of Taiwan's economy and the further improvement of the Taiwan people's standard of living, this is also unfavorable to the improvement of cross-strait relations and the realization of peaceful reunification. In his report to the 14th CPC National Congress, General Secretary Jiang Zemin reiterated that the CPC is willing to make contacts with the Kuomintang as early as possible so as to create conditions for holding talks on formally ending cross-strait hostility and on gradually realizing peaceful reunification. This is the best way to gradually remove cross-strait hostility and ensure security and stability in the strait. Hopefully, the Taiwan authorities will consider this carefully.

Guidelines To Aid Free Trade Ties With U.S.

OW1112084692 Taipei CNA in English 0813 GMT 11 Dec 92

[Text] Taipei, Dec. 11 (CNA)—The government is gearing up to promote trade ties with the North American countries, a ranking official said Thursday [10 December]. Vice Economic Affairs Minister P.K. Chiang noted that his ministry has mapped out a set of guidelines to push for a free trade agreement with the United States and closer economic relations with Canada and Mexico.

The ministry will convene on Dec. 16 a supra-ministerial meeting on the guidelines, which will be implemented in four years upon approval by the Executive Yuan, Chiang pointed out. The outline of economic policies toward North America will follow the completion of guidelines on trade ties with the United States, which started four years ago with an eye to reducing Taiwan's trade surplus with America, he elaborated.

Chiang stressed that the new guidelines are aimed at coping with the new situation arising from the creation of the world's largest free trading area under the North American Free Trade Agreement, which will be signed Dec. 17 by the United States, Canada, and Mexico. In addition to promoting economic liberalization and internationalization at home, the government will seek to negotiate with the United States on a free trade pact, he said, adding that cooperation with Canada and Mexico will also be strengthened.

1992 Surplus Expected To Decline 27 Percent

OW1112100992 Taipei CNA in English 0735 GMT 11 Dec 92

[Text] Taipei, Dec. 11 (CNA)—Taiwan posted a trade surplus of US\$9 billion in the first 11 months of this year, Vice Economic Affairs Minister P.K. Chiang said Thursday [10 December]. The vice minister forecast that the surplus for the whole year will not top US\$10 billion, down about 27 percent from last year.

Except for the big jump in exports to Hong Kong, the entrepot of indirect trade between Taiwan and the China mainland, outbound shipments to the United States, Japan, and Europe exhibited negative growth, he pointed out.

In addition, he noted, the substantial increase in imports generated by the ongoing Six-Year National Development Plan was one of the primary factors prompting the downturn of the surplus.

Chiang pointed to a rising trend in sales to the mainland, saying his ministry will keep a close watch on the development.

Economists usually put a country's reasonable trade surplus at four percent of gross national product (GNP), he said. By this standard, he indicated, Taiwan's annual surplus should be around US\$8 billion.

Beijing Responds to Call for Improving Exchanges

OW1112100592 Taipei CNA in English 0757 GMT 11 Dec 92

[Text] Taipei, Dec. 11 (CNA)—Mainland China has made another favorable response to Taipei's call for signing an agreement to resolve certain non-political technical problems arising from cross-strait exchanges.

Peking's Association for Relations Across the Taiwan Straits (ARATS) Thursday [10 December] faxed a message to its Taiwan counterpart, the Straits Exchange Foundation (SEF), saying it accepts Taipei's suggestion that the two sides exchange views on the signing of an accord on certain cross-strait issues by facsimile.

ARATS also sent a revised version of the proposed agreement on cross-strait document verification to the SEF for further discussion. It expressed the hope that the two parties could reach a final agreement on the issue soon.

Both ARATS and SEF are quasi-official organizations authorized by their respective governments to handle day-to-day cross-strait affairs.

"We are satisfied with ARATS' positive response to our proposals," said SEF Deputy Secretary-General Shih Chi-ping.

The SEF and ARATS met in Hong Kong in late October to seek solutions to document authentication and compensation for lost cross-strait mail. The talks, however, ended in deadlock as ARATS insisted that an interpretation of the "one China" policy be included in the preface of any agreement to be signed between the two sides.

In its Nov. 16 message to the SEF, ARATS finally agreed to SEF's proposal that both sides just "orally" express their separate definitions of "one China," thus clearing a major stumbling block to the signing of the first formal pact between the two sides of the Taiwan Straits in more than four decades.

Shih said ARATS' newly drafted protocol on cross-strait document verification does not contain any article that refers to the controversial "one China" issue.

"We will carefully study the new version and will inform the ARATS our opinions as soon as possible," Shih said. Certain technical details, such as how many documents to be subject to the pact and charges for verification services, must be resolved before a final agreement is signed, Shih explained. If all goes smoothly, Shih said, a formal pact may be signed early next year.

The ARATS-drafted accord, however, did not mention how to resolve compensation for lost registered mail. Shih hoped that ARATS will pay heed to the issue as soon as possible.

Meanwhile, ARATS will celebrate its first founding anniversary Dec. 16. On the day, it will hold a board meeting to discuss possible personnel changes. ARATS said Taiwan reporters are welcome to cover the news.

Official: Mainland Newsmen May Cover Elections

OW1112100692 Taipei CNA in English 0743 GMT 11 Dec 92

[Text] Taipei, Dec. 11 (CNA)—Mainland journalists are welcome to cover the upcoming legislative election in the Republic of China and they will be given every assistance, an official of the Government Information Office [GIO] said Thursday [10 December].

Wu Wen-chung, GIO deputy director, said 35 foreign journalists had applied to come here to cover the election so far, but none of them is from the mainland. Wu noted

that if mainland journalists apply to come here, they will receive the same treatment as local journalists.

He noted that GIO has no reason to reject such applications, based on the principle of exchanges across the Taiwan Straits. The same attitude will be applied to mainland journalists who want to come here for coverage of any other specific events, he added.

Of the 35 foreign journalists who have applied to come here, 20 are from Japan, and 15 are from English-speaking countries.

Hong Kong

Sino-UK Joint Liaison Group Ends Meeting

Teams Fail To Agree; No Communique

OW1012143492 Beijing XINHUA in English 1415
GMT 10 Dec 92

[Text] Hong Kong, December 10 (XINHUA)—The three-day 25th meeting of the Sino-British Joint Liaison Group (JLG) ended here today, reaching no agreement and failing to issue a joint communique for the first time since its first meeting in 1985.

"The reason behind this is because the base of cooperation between the two sides has been severely undermined," said Guo Fengmin, senior Chinese representative of the JLG, at a press conference after the closure of the meeting.

Guo said that the meeting mainly discussed such questions as whether or not the joint declaration should be observed, whether or not the principle of achieving convergence with the basic law should be observed, whether or not the agreement and understanding reached between the Chinese and British governments should be kept.

At the repeated requests by the Chinese side, he said, the two sides discussed the question of the pension safeguard of civil servants. He said the Chinese side attaches great importance to this issue and understands the requests of the civil servants in this regard.

He said that the Chinese Government maintained that the proposal of establishing a pension reserve fund is a feasible one. "We will continue to discuss the question of pension safeguards with the British side within the JLG," he said.

"What worries us is that the British Hong Kong Government is now adopting a negative and perfunctory attitude towards this matter," he said.

"The Chinese Government sets a great store by the long-term interests of the Hong Kong residents and this is our starting point," he said.

Speaking of China's position on the political package tabled by the British Hong Kong Government, he said such a package violated the joint declaration, violated the commitments entered by the British Government to the effect that the political evolution in Hong Kong should converge with the basic law, and violated the agreements and understanding reached between the two governments.

"The content as well as the way the British Hong Kong Government put the proposal constitute a violation of the relevant provisions of the joint declaration," he added.

This package has severely undermined the base of cooperation between Chinese and British governments on the

question of Hong Kong, he said, adding such a package must be abandoned if the cooperation between the two sides is to be resumed.

"The Chinese Government is resolute in its efforts to act in accordance with the Joint Declaration and the Basic Law," he said.

Bearing in mind the objective of maintaining the long-term interests of Hong Kong residents, the Chinese Government persists in promoting the smooth transfer and safeguarding the prosperity and stability in Hong Kong, he said.

He said that the Chinese side hopes that the British side will return to consultation and cooperation as stipulated in the joint declaration at an earliest possible date. "This is exactly where the long-term interests of Hong Kong people lie," he said.

In response to question from reporters, he said, if the British Government is bent on its own way by refusing to return to consultation and cooperation as stipulated in the Joint Declaration, then China will have no alternative but start all over again after 1997.

Asked if there will be any progress to be made in the JLG if Patten refuses to abandon his package, Guo replied "Could I ask you a question instead—if agreements arrived at by the Chinese and British sides can be scrapped then what's the point for us to continue to discuss and reach an agreement within the JLG?"

As for the timing of the next JLG session, Guo said, it will be discussed and agreed upon by the two sides later.

PRC Team Leader Views Meeting

HK1112093592 Hong Kong TA KUNG PAO in Chinese
11 Dec 92 p 2

[Report: "Guo Fengmin Answers Correspondents' Questions (Full Text)"]

[Text] Speaking at a news briefing held yesterday (10 December), Guo Fengmin, the Chinese team leader to the Joint Liaison Group [JLG], explained the reason the JLG was unable to issue a joint communique. The following is a transcript of the briefing.

[Correspondent] In making its own fresh start, will the Chinese side wait until the Legislative Council [Legco] approves Patten's political reform proposal next year before it announces specific measures?

[Guo Fengmin] As I have said a while ago, we still hope that the Hong Kong British authorities will return as soon as possible to the path of cooperation and consultation as stipulated in the Sino-British Joint Declaration.

Of course, if the Hong Kong British authorities refuse to do so, we will have to start all over after 1997.

[Correspondent] At the 17th session, you were only concerned with major exclusive operating rights. Now

that you have issued your declaration, you are also concerned about the minor operating rights. Is there a change in your stance?

[Guo] The position of the Chinese Government regarding operating rights and contracts straddling 1997 is very clear-cut and consistent and it does not mean that our stance on this issue has changed. Perhaps this does not sound very elegant, but I have seen a report in a Hong Kong newspaper which also cited the case of contracts regarding public toilets. Of course this is not an issue that we have to discuss.

[Correspondent] Will this be discussed by the JLG or will an organ be set up to affirm these contracts and agreements?

[Guo] We will continue to discuss this issue in the JLG.

[Correspondent] Galsworthy, the British team leader to the JLG, said that they cannot negotiate under the preconditions laid down by the Chinese side and he also reaffirmed that the proposals of the Hong Kong governor were mere suggestions. What do you think?

[Correspondent] I do not know about the preconditions that I have laid down. The situation right now is that the Hong Kong British authorities have presented a so-called proposal and this proposal has undermined the basis for cooperation. If there is to be cooperation, the foundation for this cooperation should be restored and the obstruction eliminated.

[Correspondent] Do you feel that because they (British Hong Kong authorities) failed to consult with you before presenting the proposal, therefore you do not care about its contents?

[Guo] We maintain that this proposal presented by the Hong Kong British authorities violates the provisions of the Sino-British Joint Declaration, both in its contents and its manner of presentation.

[Correspondent] Does it mean that unless [Hong Kong Governor] Patten gives up his proposal, you will only discuss the civil service issue and not any other issues?

[Guo] The pension issue is one to which we attached great importance and it is also one of the subjects which we will continue to discuss with the Hong Kong British authorities.

[Correspondent] If the Patten proposals are adopted, what steps will the Chinese side take?

[Guo] That will depend on whether or not the British Hong Kong authorities want to fight us to the end and we will definitely accept the challenge.

[Correspondent] You did not set the date for the next session. Does it mean that you are prepared to convene a JLG session at any time?

[Guo] The date of the next JLG meeting will be decided by the Chinese and British sides as a separate issue.

[Correspondent] Does it mean that unless Patten gives up his proposals, the meetings of the JLG will be useless?

[Guo] Can I answer with a question: If the Joint Declaration, the agreements and memorandum of understanding arrived at by the Chinese and British sides can be scrapped, then what is the point of the JLG continuing its discussions and reaching agreements?

[Correspondent] Is it the view of the Chinese Government that Patten's proposals are no good or Patten himself is no good? Does it want to drive him away?

[Guo] Our position is very clear: The so-called political reform proposals presented by Mr. Patten violate the Joint Declaration, violate the promise made by the British Government about convergence with the Basic Law, and violate the relevant agreements and memorandum of understanding reached by the Chinese and British governments.

[Correspondent] If the issue of the civil service pension fund is not discussed by the JLG, what will happen?

[Guo] We will continue to discuss this issue with the British Hong Kong authorities in the JLG. What will be the outcome of the discussion? That will have to wait until after the discussion.

[Correspondent] Will this affect British Hong Kong interests?

[Guo] The Chinese Government attaches great importance to the long-term interests of the Hong Kong residents. Everything we do is carried out in the light of the interests of Hong Kong residents.

Editorial Blames UK for Outcome

HK1112090492 Hong Kong WEN WEI PO in Chinese
11 Dec 92 p 2

[Editorial: "British Side is to Blame for Failure of JLG Meeting to Produce Results"]

[Text] The three-day 25th Session of the Sino-British Joint Liaison Group [JLG] ended yesterday without any results and neither was a news communique issued. This situation has never happened before, since the JLG was set up in 1985 in accordance with the Sino-British Joint Declaration. It is something which both the Hong Kong people and the Chinese side did not wish to see. This outcome was brought about entirely by the British side's violation of the Sino-British Joint Declaration and the agreements and understanding reached by China and Britain, its renunciation of convergence with the Basic Law, and its instigation of a Sino-British confrontation.

The people of Hong Kong would have liked the JLG meeting to bear fruit. They do not want Sino-British confrontation and, instead, hope for Sino-British cooperation to achieve a convergence of the political systems

and a smooth transition in 1997. This is also the consistent desire of the Chinese side and the Chinese side has made relentless efforts toward this end.

Even before Patten announced his political reform proposals, the Chinese team to the JLG had twice suggested to the British side the need for an early discussion of the issues related to the 1995 elections but the British side did not make any response. Later, Patten unilaterally announces his political reform proposals, proposals which run counter to the relevant provisions and spirit of the Sino-British Joint Declaration, the British promise to have developments in Hong Kong's political system converge with the Basic Law, and to relevant understandings already arrived at by the Chinese and British sides, challenging the cooperative ties between China and Britain. This conduct by the British side has jeopardized the peaceful transition, caused rifts and turmoil in society, and undermined the stability and prosperity of Hong Kong, as well as seriously damaging the basis for cooperation between China and Britain. The essence of the question right now is whether or not to abide by the Sino-British Joint Declaration, whether or not to converge with the Basic Law, and whether or not to observe the agreements and understanding arrived at by China and Britain. Unless this question is resolved, the basis for Sino-British cooperation will be lost and the JLG will be unable to carry on with its normal tasks. Having discarded the Sino-British commitment on peaceful transition of the political system, Patten has lost all credibility. The British side may resort to the same trick regarding whatever arrangements may be reached in the future. Hence, it is extremely necessary that the Chinese side insists on making this essential question the principal subject of the JLG meeting. And the key to the resolution of this question and resumption of Sino-British cooperation is the removal of the obstruction: Patten should withdraw the political reform proposals which are responsible for the "three violations."

However, at the latest JLG meeting, the British side insisted on discussing Patten's political reform proposals and the development of Hong Kong's political system. If the Chinese side dances to the British side's tune of

"three violations," that would be tantamount to its approval of the "three violations" by the British side and a violation of the Joint Declaration, Basic Law, and relevant Sino-British agreements, just like the British side. This will create serious harm to the smooth transition and lasting stability and prosperity in Hong Kong as well as to the sovereign right of the state. This is absolutely unacceptable to the Chinese side and is also unacceptable to the people of Hong Kong.

Before this JLG meeting was held, the British side engaged in "some little tricks" whereby it deliberately leaked out news in a bid to force the Chinese side to discuss Patten's political reform proposals at the meeting. It had been speculated on before the meeting that the Chinese side might walk out from the meeting. But the Chinese side did not do this. Instead, it outlined its position at the meeting and insisted on completing the session. This not only demonstrated the magnanimity of the Chinese side but also reflected its sincere hope for the British side to return to the path of consultation and cooperation as stipulated in the Sino-British Joint Declaration and for it to honor the agreements and commitments already reached by China and Britain. However, the British side is not at all sincere about changing its position of "three violations" and, as Ambassador Guo Fengmin pointed out: "If the Joint Declaration as well as the agreements and understanding already arrived at by the Chinese and British governments can be violated, then what is the point of the JLG continuing its discussions and reaching agreements?" This is the fundamental reason behind the failure of this JLG meeting to produce any results.

Everything that the Chinese side does is intended to promote a smooth transition in Hong Kong as well as a lasting stability and prosperity here. This is also the common aspiration of the people of Hong Kong. It will not be long before 1997 arrives and there are many things which have to be resolved through cooperation and consultation between the Chinese and British sides. It is hoped that the British side will abandon its position of "three violations" and return as soon as possible to the Joint Declaration's path of consultation and cooperation.

END OF

FICHE

DATE FILMED

14 DEC 1992

